





## EUROPEAN NEWS

GEORGES MARCHAIS

## The talkative king of the silent screen

BY ROBERT MAUTHNER IN PARIS

M. GEORGES MARCHAIS, the dapper and pugnacious leader of the French Communist Party, will never be short of a job even if, as sometimes happens in his trade, his comrades one day decide to give him an iron bandage. There will always be an opening for him in the theatre, for his performances on television during the general election campaign have established him as one of France's great comic actors.

While most people have quickly tired of the interminable political debates on TV, they will switch on their sets when M. Marchais is due to appear for pure entertainment. Prime Minister Raymond Barre himself has admitted to being a fervent TV fan of the Communist leader, though he is often the butt of M. Marchais' most vicious barbs.

The technique is that of the silent screen, though M. Marchais, who rarely allows his debating opponents or questioners to get a word in edgewise, can hardly be accused of lacking loquaciousness. Like the Ancient Mariner, he fixes his unhappy victims with a glittering blue eye and holds them until he has made his point, after which he sits back with a wolfish grin of menacing self-satisfaction.

His perfectly-timed feigned rages, his tirades against the iniquities of capitalism and the broken voice and moist eyes when he speaks of the poverty and appalling living conditions of the working class may not

carry much conviction, but they are a joy to watch. With a range of exaggerated facial expressions worthy of Oliver Hardy, M. Marchais can personify outrage like no-one else on the French political stage.

However, it would be quite wrong to conclude from all this that M. Marchais is not taken seriously in France. Both friend and foe have a healthy respect for this 57-year-old former metal fitter and trade union official, who has proved to be a consummate political operator. While it is certainly true that his opponents, since the very beginning, have not at any price, the interests of his own Party have always been given priority and, when

one questions his abilities as an organiser and leader, his stubborn devotion to promoting the interests of his own Party and his capacity to survive political setbacks.

Elected Secretary-General of the French Communist Party in December 1972, M. Marchais has, in fact, been the effective leader of the Party since 1969 because of the long illness of his predecessor, M. Waldeck Rochet. The Union of the Left, in spite of all appearances to the contrary, has been one of the cornerstones of his political strategy since the very beginning. But all along to wage a battle on not at any price, the interests of his own Party have always been given priority and, when

they clashed with those of the Socialist-Communist alliance, he has not hesitated to make his partners suffer or even throw the whole enterprise into the balance.

It would be a mistake to believe, however, that the many somersaults which the Communist Party has turned in recent years, its constant harassment of the Socialists and the intransigent line it took in last year's abortive negotiations on updating the Common Programme were merely the result of the Communist leader's personal whims. M. Marchais has been obliged to follow a line of compromise on several fronts.

The adoption at the 22nd Party Congress in February, 1976, of

a liberal Eurocommunist line was much too sudden for the taste of many of its older members, who had been brought up in a Stalinist mould. The Party was losing its soul, they felt, and would soon become indistinguishable from the Social Democratic movements which they had always despised and distrusted.

The need to ensure that the Communist Party retained its own specific following in the country, in spite of its alliance with the Socialists and Left-wing Radicals, and that it would be strong enough to talk on equal terms with its partners in a Government of the Left, has been at the root of all the endless Socialist-Communist quarrels.

That is why, at the beginning of this year, M. Marchais posed such tough conditions for Communist participation in a Left-wing Government. The Communists, he said, must obtain at least 21 per cent. of the popular vote in the first round of the election on March 12 and a firm agreement on an updated Common Programme must be reached before the vital run-off a week later. Otherwise, they would not make an electoral pact with the Socialists between the two rounds, under which they would stand down in favour of their partners in all constituencies in which the latter were in the lead after the first round.

In making these demands, M. Marchais has taken a very big gamble—probably the biggest and most fateful of his long and eventful career. For M. Francois Mitterrand, the Socialist leader, showing remarkable coolness, has refused to bow to Communist pressure. The Government programme will be renegotiated after the election is over and not before, he has emphasised. If the Communists refuse a purely electoral pact between the two rounds, they must take the responsibility for the probable defeat of the Left in such conditions.

Faced with the Socialists' implacable stand, M. Marchais has during the past few days, begun to modify his position. He no longer insists that the Communists must obtain more than 21 per cent. of the vote in the first round before joining a Government of the Left and, instead of demanding a detailed agreement on the Common Programme before the second round, he is now talking in terms of a much vaguer "political agreement."

Indeed, M. Mitterrand has neatly turned the tables on his difficult and volatile partner. If M. Marchais persists in his attitude, he will be saddled with all the odium of losing the election for the Left, not only by the Socialists but by a large section of the Left-wing electorate, including many of his own supporters. On M. Marchais' "right choice" to use a phrase dear to the heart of President Giscard d'Estaing, depends not only the outcome of the election but probably his own future as leader of the French Communist Party.

## Signs of left-wing compromise

BY OUR OWN CORRESPONDENT

FIRST SIGNS of a compromise between the warring Socialist and Communist parties have begun to appear following a significant concession by M. Georges Marchais, the Communist leader.

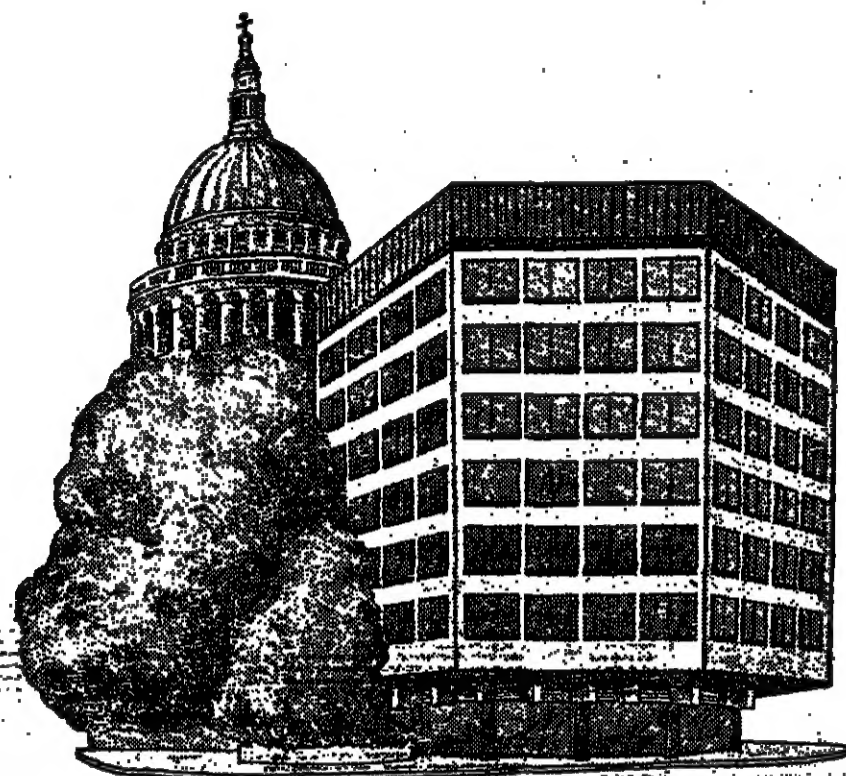
An electoral pact under which the two parties would support a joint candidate in the second round of the general election is generally considered to be an essential precondition of victory for the Left. Until yesterday, only the

Socialists undertook to stand down in favour of leading Communist candidates after the first round; the Communists said they would reciprocate only if agreement was reached on a common government programme.

M. Marchais has now suggested, however, that agreement on the common programme could be reached on the basis of proposals made by the Socialist-orientated CFDT union which are a mixture of the Socialist and Communist positions.

The main element concerns the nationalisation programme of the Left. The CFDT proposes that, in addition to holding companies of the nine biggest industrial groups, all their subsidiaries in which they have more than a 50 per cent. stake, should also be nationalised. This compares with the Communist proposal under which all subsidiaries would be nationalised in which parent companies have more than a 50 per cent. stake and the Socialist proposal which covers only wholly owned subsidiaries.

PARIS, March 1.



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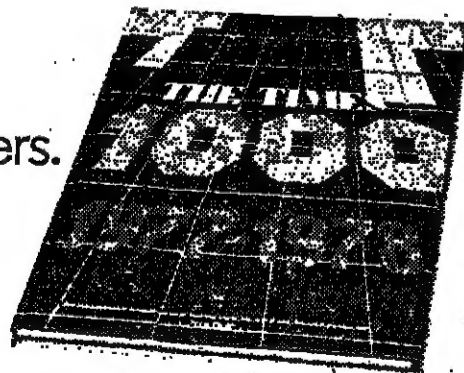
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## THE FRENCH ELECTIONS

## Russia doubles cost of petrol and trebles coffee price

BY OUR FOREIGN STAFF

THE SOVIET UNION has doubled the price of petrol and trebled the cost of coffee in the second prices packages to be imposed within a year.

The Chairman of the State Price Committee, Mr. Nikolai Glushkov, said the measures were designed to offset the soaring costs of oil extraction and the higher prices on world commodity markets. The Soviet Union has already passed on to its East European customers some of the higher oil extraction costs by raising the price of exported crude.

The latest increases will be twinned with price cuts on some consumer goods, mainly older lines of television receivers and refrigerators. A similar approach was used last year in announcing increases in air, taxi and sea fares, which were also a result of higher oil costs. Certain brands of underwear, shoes and electrical appliances were reduced in price to soften the blow.

Petrol will now go up from between 8 and 10 kopecks per litre to between 16 and 20 (about 21p and 26p) and the cost of coffee beans will treble in cost to 20 roubles a kilo (about £26).

Mr. Glushkov said the petrol rises followed requests of hundreds of people from the population who wrote letters to the government emphasising the unjustifiably low price of petrol in our country.

He said that the Soviet Union had imported only 40,000 tonnes ship.

of coffee last year, compared with 60,000 tonnes in 1975, because of high world coffee prices. Soviet planners have been tackling the problem of world prices by withdrawing bulk of expensive goods such as coffee from sale or limiting it to special foreign currency shops. But, from yesterday, coffee at the new price was freely available.

Mr. Glushkov said that petrol use would still leave it cheaper than in most of Western Europe and that it applied throughout the state, which he said accounted for about 95 per cent. of Soviet petrol consumption. But some analysts in London, who say the increases would probably apply to vehicles involved in defence efforts.

Soviet officials have traditionally been reluctant to admit to consumers bear the brunt of imported inflation, and Mr. Glushkov said that the price increases would not affect the man-in-the-street. But Mr. Glushkov was very present at a conference—rare for him—on the extreme sensitivity of price increases.

Since the workers' riots in Poland, the authorities in Moscow have been careful to minimise the significance of price increases, and the problem of consumer welfare has been repeatedly emphasised in speeches by the Soviet leader.

## INFLATION IN EAST EUROPE

## The subsidy spiral

BY LESLIE COLLITT IN EAST BERLIN

EAST EUROPEAN governments feel increasingly fenced in by their rigid price system which is causing them to spend ever greater sums to subsidise certain consumer prices while the costs of imported energy and raw materials rise inexorably.

Selective increases in consumer prices, however, while favoured by many Eastern economists, are being put off by Communist party leaders who fear the public reaction to higher prices.

The Polish uprising of 1970 and the riots in Poland in June 1976 over planned food price increases first brought the price dilemma into the open. A number of states to put and some heavily subsidised prices have since been abandoned in Eastern Europe and only Hungary has allowed prices on a number of basic consumer goods to rise.

"Why is it that people in Western countries don't blame their Governments every time meat or petrol prices go up?" one East European official here (complains). His query is rhetorical since he is well aware of the answer. The price of every good and service in a Communist country is laboriously worked out by the Price Office together with the Council of Ministers, the Ministry of Finance and the State Planning Commission. Changing any price involves a delicate balancing act since East European Governments base their fixed and often heavily subsidised prices on political, social, and only lately, economic reasons.

Although the theory of socialist price formation fills bookshelves here in East Berlin a clearer picture is provided by looking at the actual prices of goods and services. The 1976 East German budget showed that 13bn. marks were spent to subsidise the cost of basic consumer goods and public transport. This amounted to 780 marks per citizen and the subsidy is said to have risen by 8 per cent. last year. A further 46bn. marks were spent in 1976 largely to subsidise apartment rents. Billions more are paid to East German industry to keep electricity and gas prices low.

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Imported goods, especially if they are from the West, are the most difficult items to price for a Communist country. In Germany the rule of thumb is that any Western product should sell for three to four times its retail price in the west. Recently Germany bought 10,000 VW Golf cars to be paid for by German machinery and components.

E. Reifliners who heard about the trade deal on W. German TV rushed to the city's sole car showroom, and were told that if they already had a E. German or E. European car on order they could switch to a VW Golf. The car would cost between 29,000 and 33,000 marks—that is three times its price in West Germany.

E. Germans grumbled about being fleeced once again by the government and this time the indignation was so widespread that the government suddenly reduced the price of the car by one-third a few weeks ago. Buyers who had got delivery of the car at the old price even got a refund. All of this extemporaneous pricing took place without an official word from the E. German government or the Price Office.

Red and white cabbage is also cheap at 45 Pf a kilo along with onions at 1 mark a kilo. This, however, exhausts the winter-time selection of vegetables in East Germany. Small-brained apples sell for 225 marks per kilo while citrus

fruits, which must be paid for in hard currency, cost 4 marks for a kilo of oranges and 5 marks for a kilo of bananas.

Over at the butcher's counter pork chops sell at 8 marks a kilo, while a small chop at 5.80 marks a kilo, the fish stand halibut goes for 1.80 marks for 500 grammes.

The price for an unsubsidised pound of coffee is 42 marks (210) and for a pound of coffee from West Germany 62 marks (210).

Low octane petrol costs 1.50 marks (40p) a litre. High octane petrol costs 1.80 marks (45p) a litre. Gas at a special petrol station is 1.80 marks a kilo, the fish stand halibut goes for 1.80 marks for 500 grammes.

Shoes are also subsidised. Men's and women's leather shoes here sell for anything from 7 to 17 marks depending on their style, something which all of them lack. Children's clothes are heavily subsidised while adult clothing is not. A poor quality men's suit, shiny artificial fibre costs 320 marks.

## Revenues

These price subsidies are financed by revenues from a high state tax on nearly all durable consumer goods in East Germany. A medium-sized refrigerator for example, sells for 1,375 marks and a small washing machine costs 1,900 marks. E. Germany's two-stroke Wartburg car is sold for 18,000 marks and delivery is five or six years after the order has been placed, and the purchase sum paid.

The system feeds on itself as products and services (theatre, books, etc.) rise steadily, thus requiring ever greater subsidies and keeping the price of consumer goods high.

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## SOCIETE BANCAIRE ARABE

The Committee of Banks has given authorisation to SOCIETE BANCAIRE ARABE, a Limited Company with a capital of Frs. 10 million, to operate as a Deposit Bank.

The initial capital was subscribed by Arab and French groups. The first Board of Directors is made up as follows: Mr. Marc Hannoutin, President; Mr. Bahadine Bassatine, Vice-President; Mr. Jean Escande, Vice-President; A.I.D.I. represented by Mr. Marwan Iskandar; S.E. Doctor Elias Saba; Mr. Patrice de Corgoul—President of Banque de l'Union Occidentale; Mr. Harb Al-Zuhair; Mr. Al-Zuhair; Mr. Stamatras; Mr. Robert de Beauvoir—Managing Director and Board Director of Banque de l'Union Occidentale; Mr. Wissam Ezzedine; Mr. Samia Kamar.



# France asks the EEC for temporary MCA freeze

BY ROBERT MAUTHNER

PARIS, March 1.

FRENCH Government today asked the Council of Ministers, due to meet in Brussels on Monday, to freeze temporarily the monetary compensatory amounts (MCAs) set on agricultural prices of cereals in exchange rates with the Community.

After the Cabinet's decision, French Minister of Agriculture, M. Pierre Messmer, left immediately for Brussels to inform the European Commission of the Government's request.

The Government spokesman, Pierre Hunt, said that the recently observed erratic variations in MCAs were entirely unjustified by the economic situation. The French President, M. Valéry Giscard d'Estaing, had therefore asked the Government to take all necessary steps to protect French farmers until the end of the electoral period and until the Government had been fixed for the next year.

The Government clearly fears the uncertainty about the outcome of the election on March

12 and 18, coupled with the current tensions on currency markets, could produce fluctuations in the exchange rate of the franc which would seriously affect French farmers' incomes.

France also expects the Council of Ministers to put an end to "particularly serious distortions" in the pigmeat sector and has taken several unannounced unilateral measures in anticipation of agreement in Brussels.

Apart from these measures, the Cabinet stressed the need for the progressive abolition as soon as possible of all monetary correctives applied to agricultural trade in the Community.

Margaret van Hattem adds from Brussels: Commission sources confirmed that a one-month freeze on MCAs was being discussed. They indicated that while the Commission was unlikely to agree to a month's freeze, it might well concede a lengthening of the period for which the amounts are calculated, at least until after the general election to iron out the effects of erratic currency fluctuations. Thus, instead of calculating French MCAs on a weekly basis,

this might be done every 10 or 14 days.

The Commission appears sympathetic to the French argument that during the run-up to the elections, foreign exchange rates are likely to move in an artificially erratic manner, and that agricultural producers and traders should be protected to some extent from these moves. Moreover, several member states have long supported the view that a week is too short a period for MCA calculation.

However, the Commission is also aware of the political nature of the request and is likely to take this into consideration.

Uncertainty over the agricultural situation is also affecting EEC commodity markets, in particular the sugar market where the amount offered at this week's tender dropped to 20,000 tonnes from 60,000 last week.

This Brussels source suggests, is mainly due to the withholding of supplies by French traders reluctant to commit themselves to contracts until the situation stabilises.

Price review proposals, Page 39

## EFTA agrees to steel curbs

BY DAVID BUCHAN

BRUSSELS, March 1.

EFTA countries have agreed to increase the volume of their steel exports to the EEC for the rest of this year. In return, they will be given a "margin of integration," allowing them to sell into the Community at 3 per cent below EEC steel producers' prices. The six are Switzerland, Sweden, Norway, Austria, Finland and Portugal.

The EFTA agreement, initiated yesterday in Brussels, is the EC Commission's first success in negotiating restraint agreements with steel-supplying countries designed to replace its unilaterally imposed system of

import price protection. After April 1, when the accords are expected to come into force, EFTA steel can still be subjected to EEC dumping duties, but not duties related to the import base prices set in January.

The EEC has still to reach similar agreements with Japan, South Korea, South Africa, Spain, Brazil and Comecon. Brussels officials profess optimism about achieving this by the target date of March 31, but concede that in some cases the import price protection system may have to be continued.

The bait offered to the EFTA

countries was the 3 per cent penetration margin below EEC prices. These prices are defined as those of the best placed local producer in any area of the Community market, and are made up of the Commission's compulsory or guideline minimum prices, plus additions for quality and other factors. The 3 per cent is considered here almost the minimum price edge that an exporter needs to get into a foreign market, and is less than that given to EEC steel exporters under the U.S. "trigger price" system.

Partly because of this, and partly because all EFTA countries have a free trade agreement with the Common Market, the six EFTA steel suppliers are required only not to disrupt "the normal pattern of trade." In 1976 their exports to the EEC amounted to 2,566,000 tonnes, and in the first nine months of last year to 2,000,000 tonnes. They are also required by yesterday's agreements not to change radically the product range, or destination within the EEC, of their exports.

The hardest negotiations still lie ahead. Japan is demanding a penetration margin of at least 5 per cent below EEC prices for its exports to Europe, and the Commission, for its part, intends to hold Japan to precise figures on quantities, which would involve a cutback from 1976 and 1977 levels. Politically, the most difficult problem concerns Comecon, of which only Romania has shown itself willing to talk about restraint with Brussels.

Cutbacks in steel exports to the EEC might mean reduced hard currency earnings for Eastern bloc countries to pay for Western goods. For this reason, the West Germans are understood to be putting pressure on the Commission to go relatively easy on the Comecon countries.

Plant for Italy

Moon Brothers has won an order from one of Italy's main motor vehicle silencer manufacturers. The company is to supply a fully automatic line for the production of vehicle silencers to the Turin plant of Cromodora of the Gilardini group, a supplier of Fiat. This latest order, worth more than £400,000, takes exports of Moon Brothers' silencer equipment during the past 12 months to £1.75m.

Italian ruling party still undecided on Communists

BY DOMINICK J. COYLE

ROME, March 1.

AGAINST THE background of a renewed Communist demand for an "early and clear-cut decision," the central committee of Italy's Christian Democrat (DC) Party was meeting here to-night to decide whether to accept the Communists in a governing majority for the first time in more than 30 years.

The DC leadership itself is almost as divided as the parliament. Party showed itself to be in a two-day joint session of its 400 deputies and senators.

Tonight's meeting was faced with limited alternatives. The leadership can refuse any formal collaboration with the Communists, making elections almost certain.

Alternatively, it can agree to some informal parliamentary alliance with the Communists and risk an open revolt by nearly half its parliamentary party.

The third possibility is to try to protract further the negotiations on a new administration which Sig. Giulio Andreotti, the DC Prime Minister-designate, has been holding with the Communists and the other main opposition parties.

The PCI leadership had originally demanded a share of Cabinet seats in the new administration. But this ultimatum was dropped subsequently and replaced with a demand that the Communists would have to be accepted in a new parliamentary majority if another Christian Democrat administration was to be sustained in Parliament.

With a number of groups in the party threatening revolt against any meaningful concessions to the Communists, the DC leadership to-night was facing what is certainly its worst crisis in 30 years. The PCI is pressing

## IG-Metall orders ballot on strike

By Jonathan Carr

BONN, March 1.

WEST GERMAN metalworkers in two key regions will vote next week on whether to strike, following the breakdown of wage negotiations and of official efforts at mediation.

The vote was authorised in Frankfurt to-day by the national executive of the IG Metall following application by the regional organisations in North Rhine-Westphalia and North Württemberg-North Baden. Some 1.6m. metalworkers are employed in these areas from a national total of almost 4m.

A vote by secret ballot will be held on Tuesday and Wednesday. At least 75 per cent must be in favour to permit a strike to occur, and it is felt likely that this support will be forthcoming. However, industrial action can still be avoided even after that should any new, unofficial mediation offer emerge.

In both regions the union has been officially demanding wage increases of 8 per cent for this year, while the employers have offered 3 per cent in one region and 3.5 per cent in the other. Privately, there are indications that the real gap between the two sides may be less than 1 per cent. What is needed now is a new element to permit unions and employers to bridge the difference without losing face.

Meanwhile, the dispute in the printing industry over the introduction of new technology has led to a day with no sign of early resolution. Employers warned they would respond with widespread use of the lock-out weapon should the union continue its tactic of strikes at key selected printing centres. The lock-out has already been employed in Munich.

The union wants further negotiations on introduction of electronic, cold-type printing technology. The employers note that a draft agreement, which the union helped prepare, was reached during 18 months of talks. They feel this accord contains the most generous terms they can offer.

## Submarines may be sold to Iran

By Jonathan Carr

BONN, March 1.

WEST GERMAN ship-builders appear close to the sale of six submarines to Iran—a deal estimated to be worth more than DM1bn (£246m.). The government has made clear in advance that it will not bar the sale on political grounds. The news emerges to-day in a roundabout way from the Defence Ministry. It confirmed that a delegation has been in Tehran to discuss prospects for training Iranian crews in German submarine service.

Further investigation showed that the crews would be for six vessels delivered by West Germany, provided that negotiations for a sale were successful. It was also revealed that, in May last year, the government's body responsible for vetting exports of military material had said that it would not raise objections if an accord with Iran emerged. It was replying to a query from a German ship-building concern, the identity of which was not disclosed.

This would not be the first submarine export by West Germany. Last December, the Cabinet approved an export credit guarantee DM338m. for delivery of one to Argentina.

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## TURKEY'S DEVALUATION

# Putting the house in order

BY METIN MUNIR

ANKARA, March 1.

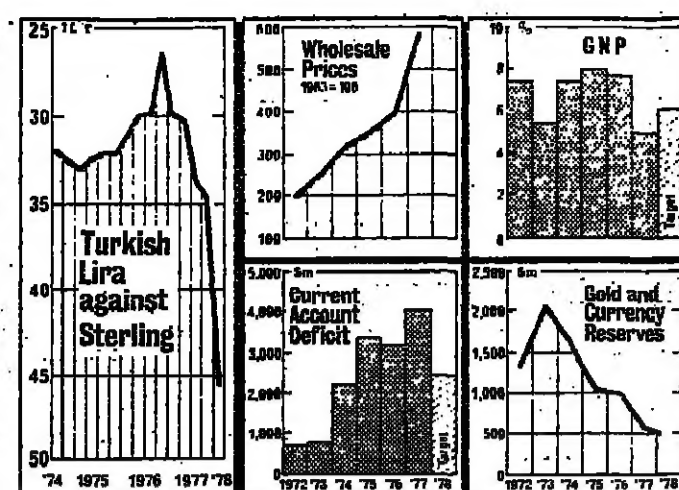
WITH TO-DAY'S devaluation, Turkey has completed the basic elements of its austerity programme and is now ready to resume negotiations with the International Monetary Fund (IMF).

A delegation from Ankara is expected to visit Washington in a few days to sign a letter of intent with the Fund, which will put the long-awaited IMF seal of approval on the austerity package. A major operation to bale Turkey out of its economic crisis is expected to get underway almost immediately, with \$1bn. coming through a consortium of international banks alone. Some states which have major stakes in Turkey and have recently reactivated consortium of aid to Turkey are also expected to rally round.

The announcement of the devaluation almost coincided with the anniversary of the day Turkey ran out of hard currency and stopped paying for imports outside the strategic and emergency category. Unpaid imports last year probably exceeded \$1.5bn. and the country has defaulted on more than \$400m. worth of bankers' loans. Another \$1bn. of such debts will mature this year.

These figures alone demonstrate the depth of the crisis facing the Government. But there are many others: the current account deficit last year was staggering \$4bn. and the rate of inflation an even more staggering 40 per cent.

It will probably take the Turkish Prime Minister, Mr. Bulent Ecevit, at least two years to clear the rubble and put the economy on its feet. His brief term in office has demonstrated that, contrary to the belief prevalent among the business community, the 52-year-old Left-of-centre politician has the courage to do it.



almost half the figure for 1975. The fact that this figure was so low can be attributed to the expectation of a devaluation. Exports are expected to rise slowly now. It will however be a long time before Turkey ceases to have a balance of payments deficit.

The export target this year is \$2.55bn. which is probably too ambitious. At \$5bn. the import figure is a little above the level recommended by the IMF.

Although the austerity package is nearly completed, a lot of work remains to be done. The Government must continue to keep a subtle grip on the money supply, and restrain wages and prices paid for agricultural commodities. For the longer term there needs to be tax reform since State revenues could possibly be doubled by preventing tax evasion.

Mr. Ecevit has made a start by adopting the recommendations put forward by the IMF. Dialogue with the IMF has been in progress since last autumn but suspended since the government change. GNP growth has been fixed at 6.1 per cent. Total investments in 1978 will be around \$8bn. It is planned to keep the volume of consumption at last year's level of \$27bn. Public revenues are expected to \$5.6bn. January exports totalled \$151m., 16 per cent higher than last year.

## Spanish credit offer

BY OUR OWN CORRESPONDENT

MADRID, March 1.

THE BANK of Spain is to make available two credits of Ptas.20bn. each (£128m.) for private banks over a period of six months at an interest rate of 8.25 per cent, a quarter of a point higher than the normal rate.

The announcement, which was confirmed to-day, is in line with similar credits made available in February and in accordance with the Moncloa Pact between the government and political parties.

Interest shown by banks in the Central Bank's loans has so far not been as great as expected. Last month, for example, the Bank of Spain offered a loan of Ptas.30bn. over three weeks and banks only borrowed Ptas.13.8bn. of that amount. This reflects the recent sharp drop for credit by companies, unwilling to expand at this delicate time, but it is partly the result of the continued high interest rates of

the Central Bank which is dampening demand.

Reuter reports from Bilbao: Basque separatist guerrillas launched seven bomb attacks to-day on offices and installations of the Iberdrua electric company building a nuclear power plant in the Basque country, police said.

The guerrilla group ETA claimed responsibility for the bombings in telephone calls to newspapers and said the attacks would continue. No one was hurt by the blast.

Schiphol traffic up

Schiphol Airport handled more passengers and freight last year and slightly reduced its net loss to a provisional Fls.13m. from Fls.18.5m. the year before (Charles Batchelor reports from Amsterdam).

## Belgian linguistic tension

BY DAVID BUCHAN

BRUSSELS, March 1.

A MAJORITY of Belgians accept that linguistic guerrilla warfare between the country's French and Dutch speaking communities will continue, according to an opinion poll in to-day's Belgian press. Yesterday Mr. Leo Tindemans, the Prime Minister, put to parliament his Government's "historic" plans to reduce such tensions by turning Belgium into a federal state in the 1980s, with cultural, economic and political autonomy for both communities.

According to the poll, 51 per cent of all Belgians feel that Mr. Tindemans' devolution plan will not remove the country's linguistic tensions. Taken as separate communities, the Flemish are the gloomier: 57 per cent of them see no lasting solution coming from the proposed legislation, compared with 53 per cent of the inhabitants of the

bilingual city of Brussels and 43 per cent of the French speakers in southern Belgium.

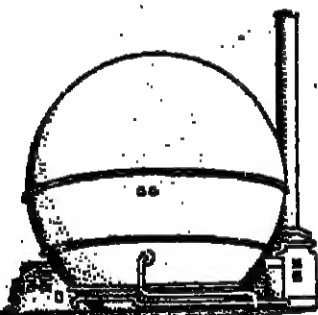
This is not surprising, given that most of the opposition to the devolution has come from the Flemish who feel that any concessions on the status of Brussels will turn the capital into a purely francophone city. But the poll results as a whole are not encouraging for the Devolution Bill, whose passage through parliament will be difficult anyway.

Guinea phone order

Ericsson Telephones of France has won a Frs.34m. (£3.6m.) contract to develop the telephone network of the Republic of Guinea (AP-DJ reports from Paris).

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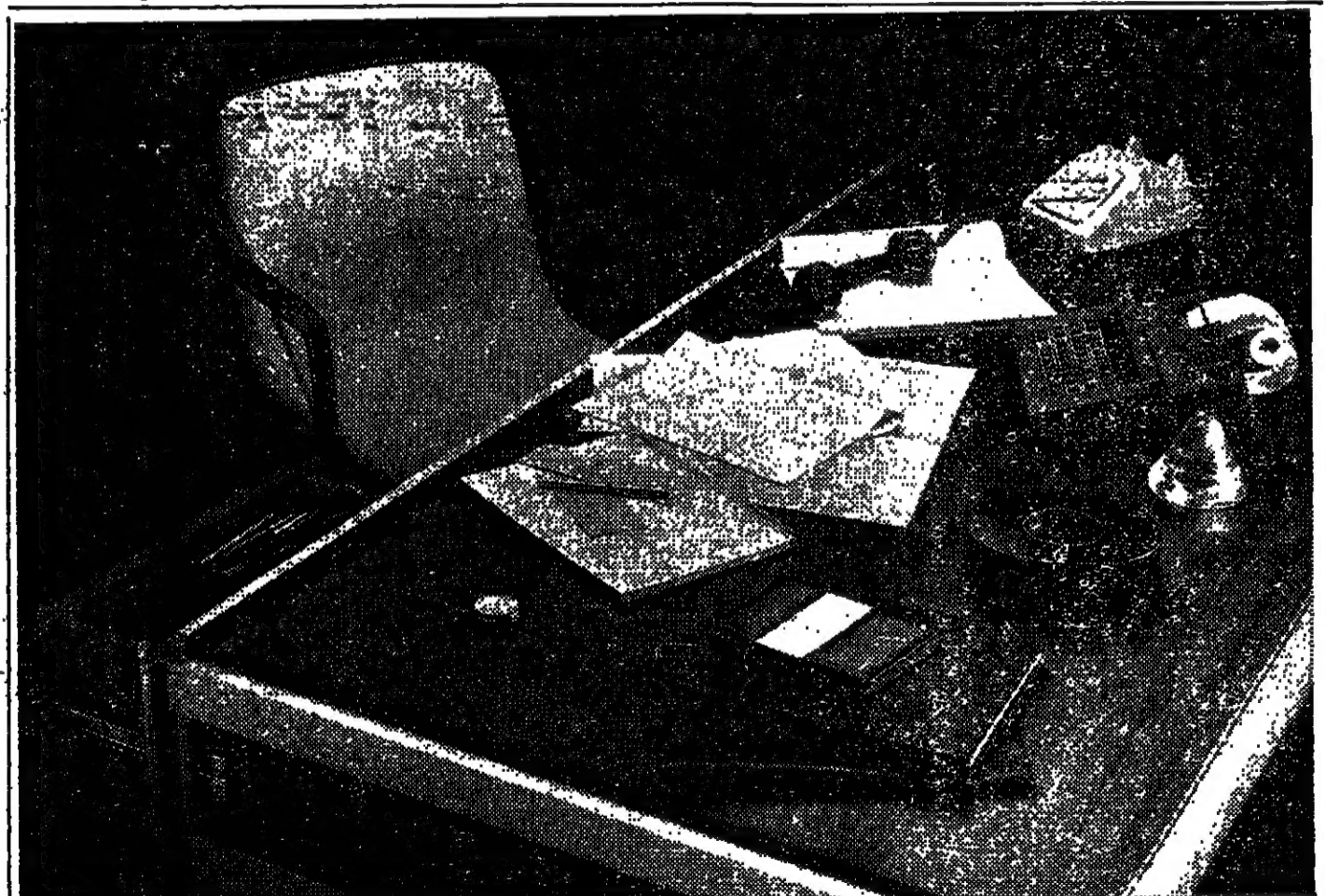
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## OVERSEAS NEWS

## Libya's intelligence chief 'purged for conspiracy'

BY HANAN HAJI

LIBYA's chief of military intelligence has been purged and a number of officers arrested after the discovery of a conspiracy to have the Libyan leader, Col. Muammar Gaddafi, and his second in command, Major Abdel Salam Jalloud, assassinated, according to the weekly magazine As Sayidat here today.

It said the purge of Captain Mohammed el Sharif took place on January 17 after Col. Gaddafi accused him of working for the U.S. Central Intelligence Agency. The alleged conspiracy for murdering Col. Gaddafi and Major Jalloud was set for implementation during the first week of February, according to the story.

Captain Mohammed el Sharif, an air force officer who is Captain Sharif's brother-in-law, was also arrested, along with a number of other officers at Libya's main airbase of Qadhafi Ben Nafah, the report said.

Captain Sharif has been banished to a desert spot some 200 miles from the Libyan capital, Tripoli, and placed under

heavy guard, the magazine said in its report. It recalled that Captain Sharif was very close to Col. Gaddafi and had wielded tremendous power. He was said to have been behind attempts to overthrow King Hassan of Morocco and President Jaafar Numeiri of the Sudan, as well as designs for the assassination of President Anwar Sadat of Egypt.

## Atherton in talks

Mr. Alfred Atherton, the U.S. envoy, yesterday held talks with President Anwar Sadat as part of his attempts to break the Egyptian-Israeli deadlock over a declaration of principles for a comprehensive Middle East peace settlement. Reuter reports from Jerusalem that the talks were not immediately available.

In Jerusalem Mr. Menahem Begin, the Israeli Premier, called on Mr. Sadat to renew talks in bilateral political and military committees, stalled since January, but reiterated that Israel would reject any call either for its withdrawal from all occupied Arab territories or for the creation of a Palestinian State. He was addressing a meeting of the World Zionist Congress.

## Tax on offshore business in Hong Kong

By Daniel Nelson

HONG KONG, March 1. PROFITS tax will be levied on interest generated by Hong Kong's rapidly expanding offshore business, the Financial Secretary, Mr. Philip Haddon-Cave, announced in his budget speech today. Legislation to take effect from April is expected to yield HK\$350 million a year and will, the Financial Secretary said, affect two types of activity.

First, it would affect profits derived from income received on funds borrowed in Hong Kong but invested overseas. The additional tax liability will be 17 per cent of the net profit from such interest earnings. The post-tax profitability of banks will be reduced by this change, particularly banks with large net foreign currency positions.

Second, it would affect offshore business by banks and other institutions in which lending to non-residents is financed by borrowings from abroad. All profits on such business will be taxed in future.

Mr. Haddon-Cave predicted a 9 per cent growth in GDP in 1978, compared with 12 per cent in 1977. Exports were projected to grow 6 per cent (against 5 per cent in real terms in 1977) and imports 9 per cent (up from 8 per cent).

He expected private consumption expenditure to grow 10 per cent. Other budget measures included the removal of stamp duty from transactions and its reduction on share deals from HK\$5 to HK\$3 per mille, the raising of first registration tax on luxury and semi-luxury cars, and tax increases on tobacco which will add 6 cents to a packet of cigarettes.

## Malaysian politician surrenders

BY WONG SULONG

MALAYSIA's most controversial politician, Mr. Datuk Harun Idris, the convicted former Chief Minister of Selangor, today gave himself up to the police, ending a week of tense confrontation between his fanatical supporters and the authorities.

Since last Thursday, when about 200 youth supporters surrounded his luxurious home in Kuala Lumpur, refusing to allow him to go to jail, Malaysians have been watching the war of nerves between police and protesters.

For the past week, rumours had been flying around the city of an impending clash, and last night the city was deserted. For the bulk of the city's population—the Chinese—Harun's name evokes fear, for they remember him as the central figure behind events which led to the race riots in 1969, in which several hundred people were killed.

The former Chief Minister had tried desperately to avoid going to jail. He fought all the way,

## Owen presses Third World assistance policy

BY DAVID HOUSEGO

FURTHER evidence that the Government is groping towards a new policy of increased assistance for the developing world came in a speech today by Dr. David Owen, the Foreign Secretary. He warned that the world could face "anarchy and chaos by the end of the century" unless rich and poor nations could negotiate changes to diminish inequalities in wealth.

Ministers this week have been studying proposals for reducing much of the outstanding official debt owed by the poorest developing nations as an extension of Britain's aid programme. Though support for such a measure is growing, the Government has decided against taking unilateral action at the ministerial meeting of the UN Conference on Trade and Development (UNCTAD) which starts in Geneva next week. The indebtedness of the developing nation is almost the only item on the agenda of the session at which Britain will be represented by Mrs. Judith Hart, Minister for Overseas Development.

Dr. Owen expressed the hope that North Sea oil would allow a more generous approach towards the Third World and implied that he supported the unifying of some British aid. He spoke of the need to forestall protectionism of the structure of British industry to accommodate more imports from the developing world and called for co-operation between industrialised and developing countries in mineral exploitation and the stabilising of commodity prices.

But the most striking note in the Gilbert Murray Memorial

lecture delivered at the Oxford Union was his gloomy hypothesis of how the world economy could move between now and the year 2000. He said that though he was emphasising the most pessimistic aspects, the trends were there and Governments ignored them at their peril.

In this scenario the present protracted recession could result in increasing pressure for protectionist measures against exports from developing countries and a decrease in the flow of aid and investment in the Third World.

Demand by developing countries for Western goods could in turn decrease, further accentuating the recession and resulting in the need for more borrowing by the Third World. Dr. Owen said the indebtedness of some countries was already a cause for concern. Some might be forced to default with serious consequences for the world banking system.

The Foreign Secretary linked this pessimistic scenario with the possibility of it acting as a catalyst for increased racism and xenophobia.

## Senegal win

By Our Foreign Staff

PRESIDENT Leopold Senghor's Socialist Party looked a clear winner yesterday in the presidential and legislative elections which were held in Senegal on Sunday.

His party received 80 per cent of the vote with the other 20 per cent going to the Senegal Democratic Party.

## AMERICAN NEWS

## No sign of U.S. policy switch OPEC to act against earnings loss

BY RICHARD JOHNS, MIDDLE EAST EDITOR

BY DAVID BELL

WASHINGTON, March 1

TO-DAY'S sharp fall in the value of the dollar has once again caused concern in Washington, but there were no signs this morning that the Administration plans any change in its approach to the beleaguered American currency.

It is recognised here that the major problem facing the currency is one of confidence. For months now the dollar has been affected by the failure of the Administration to convince Congress of the need for an energy policy. More recently the coal strike and a series of disappointing economic statistics have done nothing to bolster confidence.

Perhaps more important than any of these single issues, however, is the feeling that the U.S. Treasury has failed to convince the markets that it means what it says. The Treasury view is that the U.S. should intervene to smooth out fluctuations and to halt "disorderly conditions," but that the underlying strength of the dollar is considerable and should be recognised as such.

However, it is realised, even in the Treasury, that in the present situation, it is not enough to reiterate this in the face of clear evidence that the markets are not inclined to believe it.

Some observers here believe that it may take the threat of OPEC pricing its oil according to a basket of currencies to persuade the Administration to take further action. In this respect the situation has not been helped by the fact that Mr. William Miller, the chairman-designate of the Federal Reserve, has not yet been confirmed to succeed Dr. Arthur Burns. The vacuum at the top of the Fed has been a further reason for the pressure on the dollar.

ACTION by oil producers to raise their prices in real terms to take account of the continued depreciation of the dollar now seems probable. Following Kuwait's announcement yesterday that it might call for an extraordinary conference if the decline in the currency's value goes on.

After a meeting with the Emir of Kuwait, Sheikh Ali Khalifa al Sabah, Minister of Oil, was quoted as saying, "In case the current situation of the dollar continues, Kuwait will take the initiative in calling for an emergency meeting of oil and finance ministers to discuss the dollar's position as well as whether to continue the current freeze of oil prices or to decide on price hikes."

A crucial factor is the recent indication from Saudi Arabia and Iraq that they would not consider compensation for the erosion in purchasing power of oil revenues, necessarily to be

counter to the price freeze for the first six months of 1978. This was the last OPEC conference held in Caracas in December. These two petroleum powers, the biggest exporters in the world, are the only ones

responsible for the decision. Kuwait has calculated the loss in its purchasing power from the decline in the value of the dollar in 1977 at 5.4 per cent. Its fall has led to the Finance Ministry shifting a proportion of its short-term funds—the \$4bn. or so maintained as a cash balance for budgetary purposes—into other currencies although

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it is not concerned about the much bigger long-term investment in the U.S. and other dollar assets.

It is believed that neither Saudi Arabia nor Iran would be prepared to break the freeze decided upon with the reluctant acquiescence of the majority of OPEC's 13 members. Any upward adjustment would mean denominating the price of oil in terms of Special Drawing Rights (SDRs), or a basket of currencies along the lines of the so-called "Geneva Formula 1 and 11" which were used in 1972-73.

However, the difficulties in switching to a different system of accounting are acknowledged not the least by Mr. Abdel Rahman al Atiqi, Kuwait's Finance Minister, who in another interview a fortnight ago described linkage to SDRs or a basket of currencies as "unsatisfactory."

At the last ministerial conference in Caracas, OPEC delegates alleged that the U.S. was deliberately allowing the dollar to slide to make its exports more competitive and to decrease its oil imports. Since they receive their revenues in dollars, producers can gain an advantage in revaluing their currency against the U.S. currency.

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## ANNOUNCING A SLIGHT MODIFICATION TO THE LAWS OF ENGINEERING.

Until now, car engineers have assumed that the best way to give extra refinement to a four-cylinder engine was to turn it into a six-cylinder engine.

The disadvantage is that, in the process, it can become bigger, heavier and thirstier.

So we challenged the basic assumption, and built the first five-cylinder petrol engine to go into production.

(We say 'petrol engine' because Mercedes have already produced a five-cylinder diesel.)

Our tests showed that all the way from 500 to 5,000 rpm, our five was quieter than its V-6 rivals.

Yet its fuel consumption, at 26.9 mpg DIN, remained firmly in the four-cylinder class.

It wasn't only ourselves who were impressed by these facts.

The Times observed: "Manufacturers' claims have often to be treated sceptically, but Audi's five-cylinder is as smooth and as quiet

as most sixes" (14.777).

The Financial Times echoed this: "The five-cylinder Audi 100 feels just like a six-cylinder car."

Motor compared our car with three of its six-cylinder rivals. On 11 out of 16 criteria our car was placed either first or first equal.

Autocar in their road tests even scored our car ahead of cars like the Rover 3500 and the Jaguar 420.

All this, of course, wasn't just because of our engine.

Handling, accommodation, finish and 'at the wheel' were some of the other areas where Motor, for example, placed our car at the top of their rating table.

And that was before we added power steering to our car.

To own it will cost you all of £8,350.

And at least one cherished assumption about six-cylinder cars.

### THE NEW 5 CYLINDER AUDI 100.

We think we've thought of everything.



# FRANKLY, WE'D BE SURPRISED IF YOU WERE CONVINCED BY THIS.

Everything we said in the advertisement above is true. But as you've never driven a 5 cylinder car, we expect you'll find it hard to believe. Filling in the coupon may help to convince you.

I remain unconvinced by your advertisement in yesterday's paper. But I'd like to put your claims to the test by driving the 5 cylinder Audi 100.

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

Cut out and send to: Audi Marketing Department, Volkswagen (GB) Ltd, Volkswagen House, Purley, Surrey.



## NOTICE OF REDEMPTION

To the Holders of

## ENTE NAZIONALE IDROCARBURI

E.N.I.

(National Hydrocarbons Authority)

7% Sinking Fund Debentures due October 1, 1981

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Sinking Fund for the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has selected by lot for redemption on April 1, 1978 at the principal amount thereof \$1,666,000 principal amount of said Debentures bearing the following serial numbers:

## DEBENTURES OF U.S. \$1,000 EACH

114	3044	3223	7117	9256	11478	12778	14696	16587	18501	20415	22329	24243	26157	28071	30000	31914	33828	35742	37656	39570	41484	43398	45312	47226	49140	51054	52968	54882	56796	58710	60624	62538	64452	66366	68280	70194	72108	74022	75936	77850	79764	81678	83592	85506	87420	89334	91248	93162	95076	96990	98904	100818	102732	104646	106560	108474	110388	112302	114216	116130	118044	119958	121872	123786	125700	127614	129528	131442	133356	135270	137184	139098	141012	142926	144840	146754	148668	150582	152496	154410	156324	158238	160152	162066	163980	165894	167808	169722	171636	173550	175464	177378	179292	181206	183120	185034	186948	188862	190776	192690	194604	196518	198432	200346	202260	204174	206088	208002	209916	211830	213744	215658	217572	219486	221400	223314	225228	227142	229056	230970	232884	234798	236712	238626	240540	242454	244368	246282	248196	250110	252024	253938	255852	257766	259680	261594	263508	265422	267336	269250	271164	273078	274992	276906	278820	280734	282648	284562	286476	288390	290304	292218	294132	296046	297960	299874	301788	303702	305616	307530	309444	311358	313272	315186	317100	319014	320928	322842	324756	326670	328584	330498	332412	334326	336240	338154	340068	341982	343896	345810	347724	349638	351552	353466	355380	357294	359208	361122	363036	364950	366864	368778	370692	372606	374520	376434	378348	380262	382176	384090	386004	387918	389832	391746	393660	395574	397488	399402	401316	403230	405144	407058	408972	410886	412800	414714	416628	418542	420456	422370	424284	426198	428112	430026	431940	433854	435768	437682	439596	441510	443424	445338	447252	449166	451080	452994	454908	456822	458736	460650	462564	464478	466392	468306	470220	472134	474048	475962	477876	479790	481704	483618	485532	487446	489360	491274	493188	495102	497016	498930	500844	502758	504672	506586	508500	510414	512328	514242	516156	518070	520000	521914	523828	525742	527656	529570	531484	533398	535312	537226	539140	541054	542968	544882	546796	548710	550624	552538	554452	556366	558280	560194	562108	564022	565936	567850	569764	571678	573592	575506	577420	579334	581248	583162	585076	586990	588904	590818	592732	594646	596560	598474	600388	602302	604216	606130	608044	610000	611914	613828	615742	617656	619570	621484	623398	625312	627226	629140	631054	632968	634882	636796	638710	640624	642538	644452	646366	648280	650194	652108	654022	655936	657850	659764	661678	663592	665506	667420	669334	671248	673162	675076	676990	678904	680818	682732	684646	686560	688474	690388	692302	694216	696130	698044	700000	701914	703828	705742	707656	709570	711484	713398	715312	717226	719140	721054	722968	724882	726796	728710	730624	732538	734452	736366	738280	740194	742108	744022	745936	747850	749764	751678	753592	755506	757420	759334	761248	763162	765076	766990	768904	770818	772732	774646	776560	778474	780388	782302	784216	786130	788044	790000	791914	793828	795742	797656	799570	801484	803398	805312	807226	809140	811054	812968	814882	816796	818710	820624	822538	824452	826366	828280	830194	832108	834022	835936	837850	839764	841678	843592	845506	847420	849334	851248	853162	855076	856990	858904	860818	862732	864646	866560	868474	870388	872302	874216	876130	878044	880000	881914	883828	885742	887656	889570	891484	893398	895312	897226	899140	901054	902968	904882	906796	908710	910624	912538	914452	916366	918280	920194	922108	924022	925936	927850	929764	931678	933592	935506	937420	939334	941248	943162	945076	946990	948904	950818	952732	954646	956560	958474	960388	962302	964216	966130	968044	970000	971914	973828	975742	977656	979570	981484	983398	985312	987226	989140	991054	992968	994882	996796	998710	1000000
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On April 1, 1978, a date which may be and be payable on each Debenture the principal amount thereof, in such coin or currency of the United States of America as on said date is legal tender for the payment thereof in public and private debts, at the option of the holder, either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, N.Y. 10015, or (b) subject to any laws and regulations applicable thereto with respect to the payment, coupons or payment of the Debentures in the country of any of the following offices: at the principal office of Banca Nazionale del Lavoro, Rome; at the principal office of Banco Commerciale Italiano, Milan; or at the main office of Morgan Guaranty Trust Company of New York in London, Brussels, Paris or Frankfurt or the main office of Algemeene Bank Nederland N.V. in Amsterdam or the main office of Kredietbank S.A. Luxembourg or the main office of Societe Generale de Banque, Luxembourg.

Debentures surrendered for redemption should have attached all unmatured coupons appurtenant thereto. Coupons due April 1, 1978 should be detached and collected in the usual manner.

From and after April 1, 1978 interest shall cease to accrue on the Debentures herein designated for redemption.

ENTE NAZIONALE IDROCARBURI

By: MORGAN GUARANTY TRUST COMPANY

February 23, 1978

OF NEW YORK, Fiscal Agent

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

DEBENTURES OF U.S. \$1,000 EACH

M 14112 14116 14118 14120 14122 14124 14126 14128 14130 14132 14134 14136 14138 14140 14142 14144 14146 14148 14150 14152 14154 14156 14158 14160 14162 14164 14166 14168 14170 14172 14174 14176 14178 14180 14182 14184 14186 14188 14190 14192 14194 14196 14198 14200 14202 14204 14206 14208 14210 14212 14214 14216 14218 14220 14222 14224 14226 14228 14230 14232 14234 14236 14238 14240 14242 14244 14246 14248 14250 14252 14254 14256 14258 14260 14262 14264 14266 14268 14270 14272 14274 14276 14278 14280 14282 14284 14286 14288 14290 14292 14294 14296 14298 14300 14302 14304 14306 14308 14310 14312 14314 14316 14318 14320 14322 14324 14326 14328 14330 14332 14334 14336 14338 14340 14342 14344 14346 14348 14350 14352 14354 14356 14358 14360 14362 14364 14366 14368 14370 14372 14374 14376 14378 14380 14382 14384 14386 14388 14390 14392 14394 14396 14398 14400 14402 14404 14406 14408 14410 14412 14414 14416 14418 14420 14422 14424 14426 14428 14430 14432 14434 14436 14438 14440 14442 14444 14446 14448 14450 14452 14454 14456 14458 14460 14462 14464 14466 14468 14470 14472 14474 14476 14478 14480 14482 14484 14486 14488 14490 14492 14494 14496 14498 14500 14502 14504 14506 14508 14510 14512 14514 14516 14518 14520 14522 14524 14526 14528 14530 14532 14534 14536 14538 14540 14542 14544 14546 14548 14550 14552 14554 14556 14558 14560 14562 14564 14566 14568 14570 14572 14574 14576 14578 14580 14582 14584 14586 14588 14590 14592 14594 14596 14598 14600 14602 14604 14606 14608 14610 14612 14614 14616 14618 14620 14622 14624 14626 14628 14630 14632 14634 14636 14638 14640 14642 14644 14646 14648 14650 14652 14654 14656 14658 14660 14662 14664 14666 14668 14670 14672 14674 14676 14678 14680 14682 14684 14686 14688 14690 14692 14694 14696 14698 14700 14702 14704 14706 14708 14710 14712 14714 14716 14718 14720 14722 14724 14726 14728 14730 14732 14734 14736 14738 14740 14742 14744 14746 14748 14750 14752 14754 14756 14758 14760 14762 14764 14766 14768 14770 14772 14774 14776 14778 14780 14782 14784 14786 14788 14790 14792 14794 14796 14798 14800 14802 14804 14806 14808 14810 14812 14814 14816 14818 14820 14822 14824 14826 14828 14830 14832 14834 14836 14838 14840 14842 14844 14846 14848 14850 14852 14854 14856 14858 14860 14862 14864 14866 14868 14870 14872 14874 14876 14878 14880 14882 14884 14886 14888 14890 14892 14894 14896 14898 14900 14902 14904 14906 14908 14910 14912 14914 14916 14918 14920 14922 14924 14926 14928 14930 14932 14934 14936 14938 14940 14942 14944 14946 14948 14950 14952 14954 14956 14958 14960 14962 14964 14966 14968 14970 14972 14974 14976 14978 14980 14982 14984 14986 14988 14990 14992 14994 14996 14998 15000

Notice is hereby given that a Drawing of Bonds of the above issue took place at the Offices of Morgan Grenfell & Co. Limited on 15th February, 1978 attended by Mr. Richard Graham Ross of the firm of De Pinna, Scorsari & John Venn, Notary Public, when 900 Bonds for a total of U.S. \$900,000 nominal were drawn for redemption at par on 1st April 1978. The nominal amount of the Loan outstanding after 1st April 1978 will be U.S. \$1,000,000.

The following are the numbers of the Bonds drawn:

16	39	69	91	125	105	121	147	157	163	187	173	184	203	207	241	248	258	267	268	282	308	317	328	372	381	392	414	418	421	423	427	438	440	454	455	489	498	521	531	533	549	562	570	574	582	597	599	605	609	620	633	681	684	689	694	721	727	729	734	795	798	806	816	817	825	855	857	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
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The above Bonds may be presented for payment of the proceeds of redemption at par on or after 3rd April 1978 at the offices of any of the Paying Agents named on the reverse of the coupons, in the manner specified in Condition 11 of the Terms and Conditions of the issue printed on the Bonds.

Principal Paying Agent: Morgan Grenfell & Co. Limited, 25 Great Winchester Street, London EC2P 3AX.

Notes: Bonds presented for redemption to the Principal Paying Agent in London must be lodged by an Authorized Depository and four clear days for examination will be required. Bonds cannot be accepted through the post.

## WORLD TRADE NEWS

## Caution in Japan on car deal

Financial Times Reporter

TOKYO, March 1

WHILE responsible officials at the British Embassy here were unaware late this afternoon that Mr. Edmund Dell, the U.K. Trade Secretary, had said that Japan would probably restrain car exports to the U.K., Japanese trade officials said a formal pledge was expected later this week.

Both the Japanese Ministry of Trade and Industry and the British Embassy confirmed that discussions have been in progress this week on Japanese car exports. The purpose of the talks was to seek clarification of some passages in the communiqué issued after the recent talks between the Japanese and British trade officials.

In these talks the Japanese side was asked to freeze its exports to Britain at 1977 levels during the coming year.

Viewed from Tokyo it would appear that MITI is moving steadily towards some form of agreement to restrain car exports to Britain.

It is certain, however, that it has not yet made any such commitment and it would seem unlikely that a precise decision has been taken on its form.

Mr. Dell therefore appears to be jumping the gun although the political pressures which made him do so are appreciated.

## Tokyo and Brussels aim for common agreement

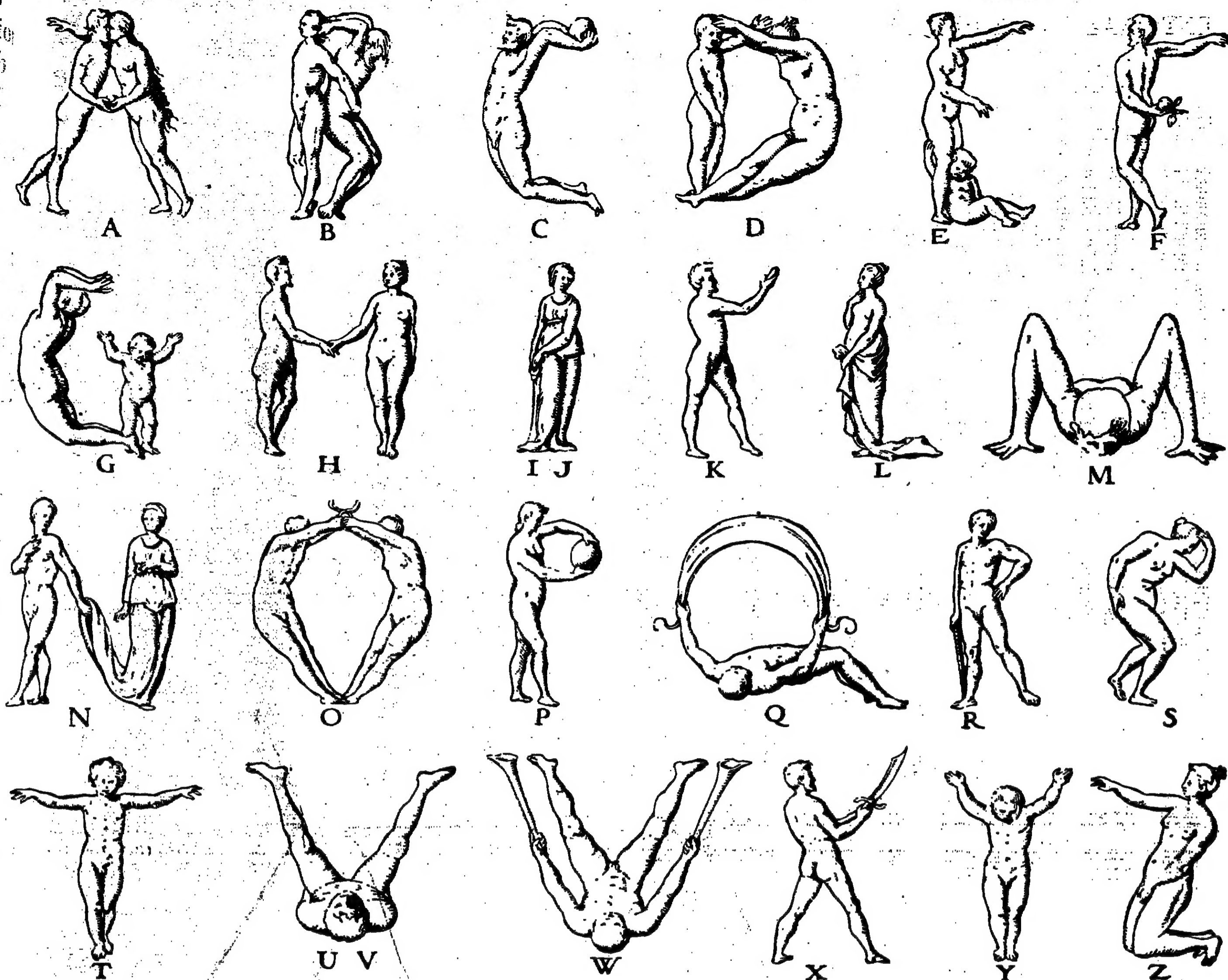
BY DOUGLAS RAMSEY

TOKYO, March 1



# How Philips lead in the efficiency business.

No.3



## How Philips can speed up your thinking when you've only 26 letters to think with.

Ideas are just wishful thinking, until they're turned into the printed word. In the everyday business world, this usually means dictation... shorthand... a first draft... a second draft.

Yet if shorthand typing did not exist, nobody would invent it. It costs too much. Dictation into a machine is cheaper, more flexible, more productive. Whoever is dictating can choose their own time to dictate. Whoever is transcribing can choose their own time to transcribe.

And this is why Philips have developed a total range of machines for word input - turning ideas into recorded speech - and for word output - turning speech into the printed word.

If you are supplying the ideas - they can be letters, reports, or memos - with Philips dictation machines, those ideas can be recorded anywhere, anytime.

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## HOME NEWS

## Lever looks at small concerns' cash needs

BY MICHAEL CASSELL

THE GOVERNMENT is examining ways of encouraging the private investor to help finance smaller businesses. Mr. Harold Lever, the Minister responsible for looking after the interests of smaller businesses, said this yesterday in London.

Mr. Lever was addressing the Smaller Firms Council of the Confederation of British Industry. He hoped that some assistance for small companies would be contained in the forthcoming Budget.

There has been no indication of how investment by the private citizen would be encouraged, although one suggestion would be to allow any losses on such an investment to be set off against other income. There have been proposals for a scheme to enable people saving for their own retirement to invest in small firms, with the same large tax

advantage which pension funds and other institutions receive. Mr. Lever added that the Government was committed to ensuring that the smaller company in future played a central role in the country's economic life and said it was obliged to pay more attention to the problems which these businesses faced.

## Contracts hold-up

Mr. Lever heard council members criticise the Government for attempting to police its income policy through the use of penalty clauses in all public sector contracts—a subject still under discussion between Ministers and the CBI. The Minister was told that it was impossible for any company of any size to ensure that every participant in a contract complied with the Government's pay

celling. It was a nonsense, members claimed, that huge organisations should be expected to monitor the pay deals of small suppliers and equally impractical to imagine that small companies could monitor the actions of the largest.

Some council members told Mr. Lever that they were not signing contracts waiting on their desks because of the controversial clauses and that small businesses would suffer as a result.

Mr. Lever said the government had no passion for introducing sanctions of any kind but it could not abdicate responsibility in those areas where it could help control inflation. He promised to look at claims that the new contract clauses represented an unfair and unjustifiable burden on companies.

## Automotive plans factory in U.S.

AUTOMOTIVE Products has set up a subsidiary company in the U.S. to develop sales and, in the longer term, build up first an assembly and then manufacturing plants.

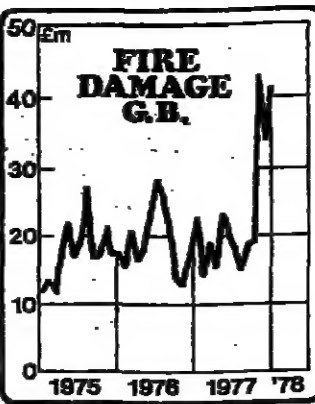
The Leamington-based makers of clutches, brakes, steering and suspension joints, plans to put

in an engineering team at Michigan alongside a sales team in a bid to persuade U.S. manufacturers to involve them in engineering planning.

The company already sells to the U.S. majors in Europe and in the U.S. but feels its ex-

perience with components for smaller cars will be valuable as the Americans produce smaller vehicles and seek to develop exports from the U.S.

Automotive, whose brands include Lockheed brakes and Borg and Beck clutches, presently has U.S. sales of about \$5m. a year.



## Fire loss doubled during strike

BY ERIC SHORT

FIRE DAMAGE costs more than doubled during the three months affected by the firemen's strike compared with the same period a year before, according to figures issued yesterday by the British Insurance Association.

They show that fire damage in Britain in January amounted to £41m. compared with £22.4m. in January, 1977. This brought the fire damage total for November and December of last year and January this year to £176m. compared with £82.2m. for the corresponding three months a year earlier. The firemen went on strike on November 14 and returned to work on January 18.

It is not possible to attribute the whole of the £122.7m. increase to the strike. Damage costs also rose with inflation and a number of other factors. But they do indicate that the British insurance industry had to pay out considerably more for fire claims due to the strike.

The Commercial Union Assurance and General Accident Group, which have reported this week on their 1977 results were unable to quantify the effect of the firemen's strike although their fire losses rose appreciably.

The outstanding feature of losses in January was that there were eight fires with damage over £1m. in each case, compared with the usual two or three, supporting the contention that once a fire got a hold it did more damage than would have been the case had regular firemen dealt with it.

The largest of the January fires was at a fireworks and a brewery, both situated in the Midlands. Additionally, there were 23 fires where damage cost over £200,000. There were 61 fires at places used by the public.

## Liverpool deal keeps Meccano

By Our Northern Correspondent

MECCANO, one of Britain's best-known toy makers, is to continue production at its Birkenhead, Liverpool, factory and abandon plans to move elsewhere, following a deal worked out with Liverpool city council.

The company, bought by Airfix Industries from the Lines Brothers receiver in 1972, said six weeks ago that it would move to Rhymney and take its 1,100-strong labour force by about 400 as part of a reorganisation of the Meccano subsidiary, which has been losing money.

The new deal, which has to be approved by Liverpool city council, involves the purchase by the local authority of the freehold of the Birkenhead site for £275,000. It will then be leased back to Airfix at an annual rent of £25,000.

The company would use the cash generated by the sale to redevelop the site and some production will have to be temporarily relocated. The programme of investment in new equipment will go ahead in the rebuilt premises, supported by grants from the Department of Industry.

The company's decision to stay in Liverpool should result in fewer jobs being lost with the main cutback falling on part-time workers who represent around 300 out of the total 1,100.

## Students' chief urges review of grants

THE PRIME MINISTER will be urged to order a major review of arrangements for financing students, Miss Sue Slipman, president of the National Union of Students, said in London yesterday.

Grant support was so inadequate, especially for students on sub-degree courses, that it was often more financially attractive for them to go on the dole, she said.

The NUS is seeking a 20 per cent rise in grants. That would raise the main rate of undergraduate grant—for students living away from home while taking degrees in places outside London—from £1,010 to £1,200.

Starting yesterday, ships and aircraft between the U.K. and Ireland are allowed to carry duty-free drinks and cigarettes, for the first time since the Republic became independent.

## North Sea oil output will hit target, says Mabon

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT expects that offshore operators would produce 60m. to 70m. tonnes as North Sea oil production to reach financial targets in spite of problems encountered by offshore operators in the past few months.

Treasury forecasts that oil revenues will provide a net current account balance of payments benefit of £2.5bn. this year remain unchanged, according to Dr. Dickson Mabon, Minister of State for Energy. Furthermore, the Government is still expecting its own revenue, gained from royalties on taxation, to reach some £14m. a day at current 1976-1980 prices. Dr. Mabon went on. By period. Most of this money will be received in 1979 and 1980.

Dr. Mabon criticised recent gloomy forecasts about North Sea benefits when he spoke at a seminar on energy and the environment in London, organised by Sphere Environmental Consultants. He recognised that in the past few months there had been some slippage in development programmes and that bad weather had resulted in a drop in production but it was still expected

that offshore operators would produce 60m. to 70m. tonnes as North Sea oil production to reach financial targets in spite of problems encountered by offshore operators in the past few months.

Let us not write off the North Sea before the effects of the efforts of the companies and the Government have had the chance to come to fruition. We are at the beginning of an amazing success story, not at the end."

During January about 37m. tonnes of North Sea oil worth over £190m. were landed. In 1980, when the U.K. should be self-sufficient in energy, offshore operators would be producing oil at a rate of 1.5m. b/d at current 1980 prices. Dr. Mabon went on. By period. Most of this money will be received in 1979 and 1980.

Dr. Mabon said the oil taxation system had been designed to allow operators to recover 175 per cent of their development costs before becoming liable for Petroleum Revenue Tax. In addition, operators were allowed to produce 10m. tonnes of oil from each field before becoming liable for taxation.

A new North Sea report from

## Success of job projects only 66%

By John Elliott, Industrial Editor

THE GOVERNMENT may be succeeding in creating only one-third of the jobs hoped for through selective regional assistance schemes operated under the Industry Act, 1972.

This emerges from findings in a recent survey reported by the Public Accounts Committee and the House of Commons Select Committee on Industry and Commerce.

But the civil servants made clear to MPs on the committee that the results were based on a sample survey.

In addition, the Department did not consider that the results were necessarily bad and said written evidence to the committee: "In our view, given the severity of the economic recession, this is a satisfactory achievement."

The survey was carried out last year for the Public Accounts Committee and its results were based on an examination of the regional offices and their enquiries in Scotland and Wales. The results have caused some dispute in Whitehall because the survey did not involve an detailed research and because an attempt was made to equate the two-thirds results against cost parameters set by the Department.

## Criticism

The civil servants were being questioned yesterday about the public expenditure estimates for aid to industry and faced some criticism about what the MP regarded as a lack of realism about future needs. But they answered that this was partly because the problems of companies could not be foreseen.

The issue of the success of the regional selective assistance arose when the MPs were trying to assess the effectiveness of the Department's various schemes. This form of assistance is designed to help projects that will create new permanent jobs in assisted areas and in separate from schemes aimed at maintaining existing jobs and from general regional development grants.

"It has recently been established that for a sample of cases from all regional offices spread over several years, the actual employment achieved was about two-thirds of that forecast," the civil servants said in their written evidence.

## Exporters fight for Coventry airport

Financial Times Reporter

PROPOSALS to close Coventry airport are being opposed by such major exporters as Rolls-Royce, Massey-Ferguson, Courtauld and Associated Engineering.

Yesterday, 25 of the airport's tenants formed five working parties to study operations in the light of the 13 per cent per annum expansion in aviation. They will consider increases in landing and fuel charges and will estimate the job equivalents of export business generated.

Coventry Council transportation committee's recommendation in close the airport next year needs final approval by the city's policy advisory body.

The airport is losing £175,000 a year, of which £75,000 is contributed by the West Midlands County Authority.

## Key sectors aim to double predicted growth rates

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

SEVERAL KEY manufacturing sectors have set themselves ambitious growth targets as part of the industrial strategy programme.

Most of them—they include machine tools, construction equipment, and mechanical handling—expect volume output to grow at double the rate forecast for the engineering industry as a whole in yesterday's review from the National Institute of Economic and Social Research,

which predicted a real rise of 3 per cent this year and one of 1.5 per cent in 1979.

Top of the growth targets table, according to progress reports being published this week from the various sector working parties involved in the industrial strategy, is the construction equipment industry. It is aiming for a 7 per cent, yearly growth rate up to 1980.

Over the same period, the mechanical handling equipment and fluid power equipment sectors are aiming for 6 per cent a year, machine tools and pumps and valves 5 per cent, industrial (forklift) trucks 4.5 per cent, and mining equipment 2 per cent.

Only agricultural equipment manufacturers, forecasting a 1 per cent, yearly growth rate, and machine equipment producers, who expect a fall of 5 per cent, do not share the general optimism.

## Output of hydraulic parts may rise 6%

MANUFACTURERS of hydraulic and pneumatic components are set to raise output by 6 per cent, a year to 1980, but it would allow them to maintain only their present levels of employment.

A growth in numbers employed "will be modest," writes Kenneth Gooding.

That is made clear to-day with the publication of the Fluid Power sector working party which has been involved in the industrial strategy programme at the National Economic Development Office.

The output objective includes an estimate that direct exports by the industry must grow at between 8 to 10 per cent a year if it is to maintain its position in world markets—yielding £73m. to £70m. in 1980 at 1976 prices. Total output should then be £227m. to £233m., representing a growth after inflation of 6 per cent a year, with hydraulics and

pneumatics sharing the business at the present ratio of about 70-30.

The working party suggests that the industry's structure could change during that time. Some companies have set growth targets which would involve them raising market share.

"If they are successful then production will be concentrated in fewer companies, at the expense of the less efficient producers."

The hydraulic cylinder sector, in particular, is more fragmented than many other areas of the fluid power industry "and a number of very small companies have entered the field who find it difficult to provide adequate after-sales service."

The working party "welcomes the move by some companies to co-operate on reducing overlapping product ranges, thus raising company level product specialisation."

## Wales launches bid to attract industry

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE DEVELOPMENT Corporation for Wales yesterday launched a two-day presentation in London to advertise the attraction of a company to moving to the principality. The exhibition, is part of its effort to attract more industry.

Yesterday's part of the campaign was aimed specifically at manufacturing industry. To-day the emphasis switches to the services sector.

Senior executives from 65 organisations and companies, based in London and the South East, attended the opening presentation. They heard Mr. Douglas Badham, the Corporation's chairman, outline the advantages of moving all or part of their operations to Wales.

Mr. Badham said afterwards: "I have taken time to convince a company that it should uproot its operation and move to another part of the country. We do not expect as a result of this presentation that firms will suddenly decide to come to Wales. But we want to ensure that they get down to making the decision, perhaps in a year or two, they know what we have to offer in Wales."

"We believe we have unrivalled facilities, not just in land and advance factories available but in excellent communications and superb after hours facilities to appeal to all levels of staff."

## ART GALLERIES

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COLLECTORS' 1st. One Wood Street, W. 1. 431 1444. A Loan Exhibition of Works by the U.K. ART RESTORATION SOCIETY. 10-11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

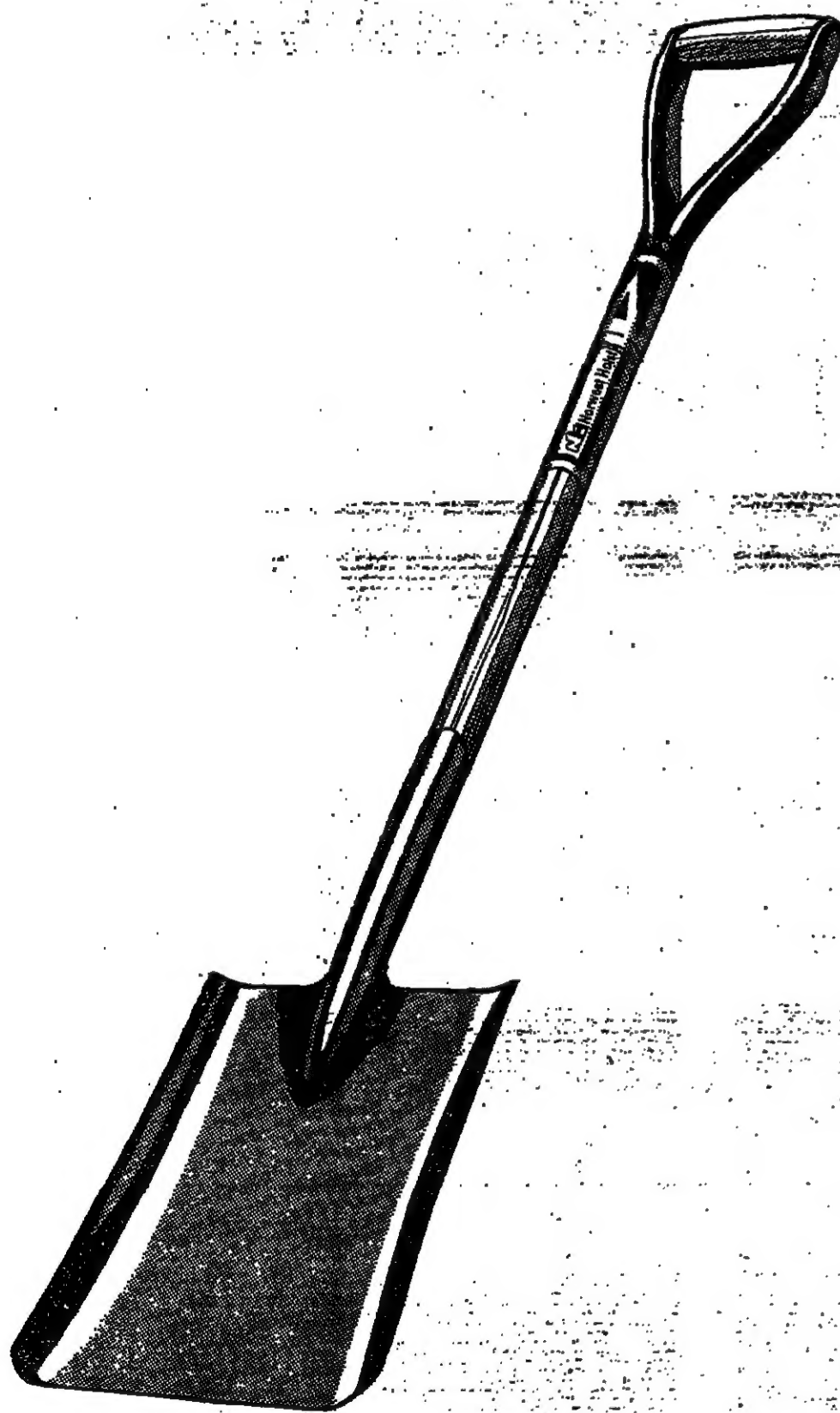
FOX GALLERIES: Exhibition of the paintings by BRITISH and EUROPEAN Artists from 1700-1850. 5-6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

GEMELL GALLERIES: Fine British and Modern Paintings. 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

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THACKERAY GALLERY: 78, Thackeray St., 10-11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100.

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## HOME NEWS

# Scotland has bigger share of investment

By Ray Porman, Scottish Correspondent

OFFICIAL figures released yesterday confirm that Scotland has been receiving a disproportionately large share of total U.K. industrial investment in recent years.

Scotland's share of fixed capital formation rose from 9.9 per cent in 1971-72 to 12.5 per cent in 1977-78. This compares with a share of gross domestic product which rose only slightly to 9 per cent over the same period.

The quarterly Economic Bulletin published by the Scottish Economic Planning Department in Edinburgh says that offshore investment is excluded from the figures, but that investment directly related to the North Sea oil industry is included.

A table shows that there were increases in investment in manufacturing and in publicly financed industries such as mining, gas, electricity and water.

The figures help to explain

the buoyancy shown by the Scottish economy in the early part of the present recession, particularly in construction.

This advantage seems to be disappearing and recent indications are that the Scottish share of investment could be falling.

Regional policy and efforts to attract foreign investment into Scotland, as well as the stimulus given by oil, influenced the trend to higher investment in Scotland noticeable during the 1960s and early 1970s.

The Scottish share of U.K. manufacturing investment rose from 8.4 per cent in 1964 to 10.4 per cent in 1970, although it fell slightly again in the recession of 1971-72.

Fixed capital expenditure per employee in Scottish manufacturing rose from £146 in 1964 to £246 in 1973 compared to a figure for Britain as a whole of only £162 — a gap of 40 per cent.

## North calls for aid to cut jobless rise

By Anthony Moreton, Regional Affairs Editor

SUBSTANTIAL injection of regional assistance to reverse the rising trend in unemployment in the area has been urged by the North of England Development Council in its economic review covering the three months from last November to January.

It points out that general stagnation of the whole U.K. economy cannot begin to solve the deep-seated unemployment problems of the region.

Although the North's problems are particularly concentrated in some bad spots—Wearside has more than one man out of even unemployed; Tyneside is about to be hit by the lay-offs at Swan Hunter; Hartlepool by British Steel Corporation reductions—its jobless total is not only growing, but growing faster than for Britain as a whole.

The gross national product for Britain is expected to grow by about 3 per cent this year, allowing for a 1.5 per cent increase in national unemployment to about 1.5m., but unemployment in the North is expected to reach about 8.7 per cent by the end of the year, compared with 8.7 per cent at the end of 1977.

Such a high figure by December would imply that for men the proportion out of work would be more than one in every nine, though the total would be a lot worse in the problem areas.

The associated problem for the North is that the division between cyclical and structural unemployment is becoming increasingly blurred, with the latter becoming predominant.

At best, the region's development council expects a levelling out of the cyclical factor during this year while structural unemployment continues to rise.

Turning to assistance from the European Regional Development Fund, the council shows that the North did better in securing aid than any other sector of the U.K. It received 29 per cent of the total assistance from the EEC fund, compared with only 12 per cent for the U.K. as a whole.

Even the severely depressed Northern Ireland received only 15.6 per cent of the total.

Mr. Tether said he was happy in his job and enjoyed doing it. He liked the kind of writing he was doing. It was worthwhile in the sense that he ventilated issues in the public interest, much of it was crusading work. He had conducted campaigns. He was almost the first writer to put currency decimalisation on the map. He had done much crusading for the third world, at a time when their problems were almost unknown in this country. He became a champion of third world peoples.

Mr. Tether claimed that he played a major part in introducing the incomes policy issue in the late 50s.

He had found his work particularly enjoyable because his readers, as far as he could see, liked it too. Many people disapproved of what he wrote but, on the whole, few disapproved because they thought the subjects should not have been written about. Even those who objected generally appreciated the fact that issues were being ventilated.

One of the few As far as the Common Market was concerned, his work attracted considerable interest, partly because he was one of the few journalists—almost the only journalist at the end—who took an anti-market line. He discussed issues in a way that they were not being discussed in the Press, as a whole.

His column was a popular feature and an asset to the newspaper. It achieved considerable stature and reputation and he was proud of it.

Mr. Thomas Morrison, counsel for the Financial Times, asked the tribunal to note that aspects of Mr. Tether's evidence had not been put to witnesses concerned. He needed to protect the position of the Financial Times.

The hearing was adjourned until today.

Mr. Tether said that he and Lord Drobgheda, former chairman of the Financial Times, had been friends for 30 years, that they had often shared meals and that he had often shared meals with him.

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## RAF to convert VC-10 airliners

By Michael Donne, Aerospace Correspondent

THE RAF is to buy up to nine second-hand VC-10 long-range jet airliners to supplement its aerial tanker refuelling force.

The aircraft will come from British Airways, Gulf Air and East African Airways. They will be converted from airliner to tanker use by RAF technical teams and should enter service in about two years.

They will supplement the Victor aerial tankers used to refuel the RAF's strike forces, including Phantom and Lightning aircraft.

One of the main roles of the VC-10s in the 1980s will be to refuel in mid-air the Tornado multi-role combat aircraft, now under development in two versions, the strike version and the air defence version.

The latter will fly over the North Atlantic to hunt for intruder aircraft and will need regular in-flight refuelling by long-range tanker aircraft.

The VC-10s will be based at RAF Marham, Norfolk. The RAF already has a fleet of 11 VC-10s for passenger transport duties.

The RAF has been looking for additional tankers for some time.

## Economic case for Heathrow expansion

By Michael Donne, Aerospace Correspondent

THE DEVELOPMENT of a £50m. fourth passenger terminal at London's Heathrow Airport is Gatwick (to 25m. passengers a year), Stansted (to 4m. a year) and Luton (to 5m. a year).

"A diminution in the ability of foreign airlines to operate into and out of London, due to lack of adequate airport capacity, would rebound upon the ability of U.K. airlines to operate overseas," the authority says.

The proposed terminal would be able to accommodate up to 20 of the largest aircraft in use (Boeing 747s). It would have a floor area of between 40,000 and 45,000 square metres.

The increase in employment resulting from it at Heathrow would be 3,000 to 6,000 workers by 1987, giving Heathrow a maximum employment of about 59,000.

The authority suggests that the noise impact will be less than many have feared, especially since when it comes into use the older, noisier jets will have been phased out.

## Rank may buy council office

RANK XEROX is negotiating with Berkshire County Council to buy the council's £25m. offices now being built outside Reading.

The company approached the council with an offer for the offices as a possible new headquarters for the company.

Berkshire Council is considering the offer as the offices are felt to be too large for its own needs. When they were planned in the 1970s, Berkshire's population was expanding and larger premises were planned to allow for expansion.

The subsequent decline in population and council staffing levels has made the new building too large. The proposed deal has still to be approved by the Environment Secretary and is dependent on the council finding a new site.

## Pickets in protest at Barclays branches

By David Freud

ANTI-APARTHEID pickets demonstrated yesterday against Barclays' involvement in South Africa. Some 200 branches were covered, claimed the organisers. The day of action was staged jointly by the End Loans to South Africa group and the Anti-Apartheid Movement. Pickets handed out leaflets appealing to Barclays' customers to withdraw their accounts.

The demonstrations opened a month's campaign against South African policies by the movement which will peak in two weeks' time with the week of action organised by the International Confederation of Free Trade Unions based in Brussels and backed by the TUC.

The Anti-Apartheid Movement has opposed Barclays' involvement in South Africa since the pressure group was formed 18 years ago.

Its case against the bank is that it has a controlling interest in Barclays National, South Africa's largest bank, which raises huge loans for the country's State-controlled industries, thus sustaining white supremacy.

Barclays said yesterday it doubted whether the demonstration would have any effect on account-holders. After similar events in the past it had never experienced undue loss of accounts.

## Private sector loans warning

By David Freud

AUTHORITIES facing rapid monetary growth are likely to be forced to restrain bank lending to the private sector, say stockbrokers Phillips and Drew.

The firm says that sterling M3, the broadly defined money supply, expanded at an annual rate of 16.5 per cent in the three months from mid-October.

The strength of the expansion has not, as the Government has suggested—depended on technical factors associated with the M3 statistics. The Phillips and Drew 1.3 figures, which provide a wider measure of liquidity, also indicate strong monetary expansion.

1.3 is defined as the sum of sterling M3, U.K. residents' foreign currency deposits with the banks, building societies, etc. (excluding the securities own deposits with the banking system), National Savings and industrial, commercial and individual holdings of local authority deposits, finance house deposits, Treasury Bills and tax instruments.

The year-on-year expansion rate of 1.3 in mid-January was 17.8 per cent, compared with average rates of 10.8 per cent, recorded last autumn, says the firm.

Even if the whole of the increase in sterling M3 since November were due to banks' window dressing and other technical factors—an assumption which is implausible—and this increase were stripped out of the 1.3 figures, 1.3 would still have

grown at a year-on-year rate of 13 per cent in the mid-January. The growth in the money supply reflects an increase in the rate of expansion of personal sector liquid asset holdings from an average 10 per cent in 1977 to 15 per cent year-on-year now.

This rate of growth in personal sector liquidity threatens to encourage the over-rapid expansion of consumer spending and the U.K. financial structure is ill-adapted to allow authorities to control growth of personal sector liquid assets, says Phillips and Drew.

There is no range of long-term savings bonds available to absorb surplus funds in the personal sector.

This means that the authorities will probably be obliged soon to adopt a policy of restraint on bank lending to the private sector, in spite of the disadvantages of such a policy, if they set to curb the growth in liquidity in the months ahead.

Stockbrokers Sheppards and Chase also are sceptical about technical factors as an explanation for the recent M3 expansion.

Although there were many special factors in the money-supply statistics for December and January, the greatest of these was heavy gilt sales. The figures are, therefore, as bad as they look, and should be bad again for February when gilt sales were minimal. Prospects for March are not good.

# THE NEW DODGE 300 SERIES RANGE. FOR OPERATORS WITH A HARD NOSE FOR PERFORMANCE AND A SOFT SPOT FOR DRIVERS.

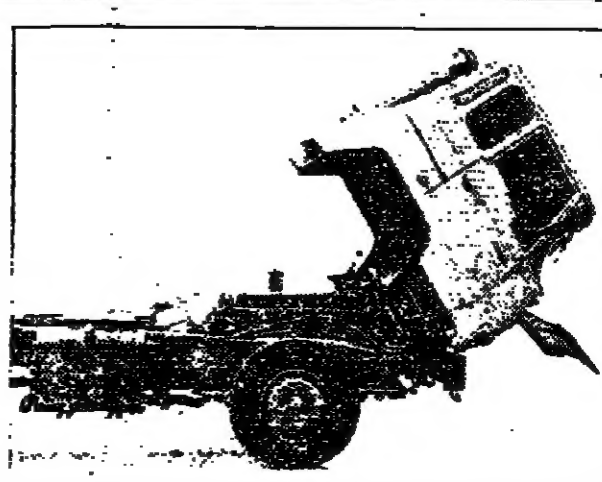


The new Dodge 300 Series is a range of tough 36.5 and 38 tonne GCW/GTW trucks built for hard work on punishing long-distance routes.

They're fast, but as they eat up the motorway miles, you'll find the 300 Series trucks give you a high performance with impressive economy.

They're dependable. The Chrysler 11.9 litre turbocharged diesel, Fuller RTO 9509A nine-speed range-change gearbox, Lipe-Rollway twin-plate clutch and Chrysler double-reduction axle are a power-packed combination already proven in rigorous reliability trials in Britain and across Europe.

And they're superbly comfortable. The 64° tilt cab is roomy and well designed and is



impressively equipped, giving drivers everything they need. Standard fittings include a suspension seat and even a radio. The R38 models have sleeper cabs.

The new Dodge 300 Series range comprises:  
R36: 36.5 tonne GCW tractor unit.  
R38: 38 tonne GCW tractor unit.  
R38D: 38 tonne GTW drawbar rigid.

All are backed by Chrysler's new heavy-truck warranty package which includes 12 months' unlimited-mileage on the entire vehicle, plus a second year's unlimited-mileage warranty on designated power train components. Full details available from your Dodge truck dealer.

## THE NEW DODGE 300 SERIES RANGE. ADDING MORE WEIGHT TO DODGEMANSHIP





## COMPANY NOTICES

THE SWEDISH LAMCO SYNDICATE  
Trafik AB Grängesberg-Oxelösund & Co.

51 per cent Sterling/Deutsche Mark Loan 1980

## NOTICE OF EARLY REDEMPTION

On behalf of the above Syndicate, S. G. Warburg & Co. Ltd. hereby gives notice to Holders of the Bonds representing the above mentioned Loan that the Syndicate has elected in accordance with Condition 8 of the Bonds to redeem all outstanding Bonds on 1st June, 1978 at 101 per cent of the nominal amount thereof.

S. G. Warburg & Co. Ltd.  
as Principal Paying Agent

2nd March, 1978.

## CONTRACTS AND TENDERS

## Democratic and Popular Republic of Algeria

Ministry for Industry and Energy  
ENTREPRISE NATIONALE SONATRACH  
Marketing DivisionDepartement Realisation Infrastructure  
International invitation to Tender No. 6/78

SONATRACH is launching an international invitation to tender for the supply of equipment for the construction of 300 (three hundred) service stations which will include:

- 1st lot: Equipment for:
  - Cleaning-lubricating workshops
  - Equipment for parallelism
  - Equipment for wheel-balancing
  - Equipment for headlights monitoring
  - Automatic washing installation
  - Associated equipment
- 2nd lot: Seamless tubes
- 3rd lot: Piping
- 4th lot: Electric equipment
- 5th lot: Safety equipment
- 6th lot: Metallic furniture

Interested companies may obtain the tender documents for the whole of this tender or part of it, as from the publication of the present announcement, against a payment of Dinars 200 (two hundred dinars) from:

SONATRACH — Direction Commercialisation  
Département Réalisation Infrastructure  
Route des Dunes — Base ALCP —  
CHERAGA (Algiers) Algeria  
Tel. 81.12.03 to 08  
Telex: 52.808 — 52.292 — 52.293 —  
52.769 — 52.779.

Tenders, together with the relevant usual references, should be sent by registered mail in double sealed envelopes to Entreprise Nationale SONATRACH, at the above-mentioned address, the inside envelope clearly addressed as follows: "A NE PAS OUVRIR — SOUMISSION — A.O.J. no. 6/78" not later than 15th April, 1978.

Tenders remain bound by their quotations for a period of 120 days.

Tenders which will not respect the above-mentioned indications will not be taken into consideration.

## Democratic and Popular Republic of Algeria

MINISTRY OF LIGHT INDUSTRIES  
SOCIÉTÉ NATIONALE DES  
INDUSTRIES DE LA CELLULOSE  
"SONIC"

## INTERNATIONAL INVITATION TO TENDER

SONIC is launching an international invitation to tender for the construction of a manufacturing unit of paper for reprography (duplicating process).

Interested companies may obtain the tender documents from:

SONIC  
64, Rampe Ali Haddad (Ex. Zaatcha)  
El Mouradia, Algiers, Algeria  
Tel: 66.38.00—01 and 04  
Telex 52.933

against a payment of Dinars 200 (two hundred dinars).  
Tenders, together with the relevant usual references, should be sent in double sealed envelopes to Monsieur le Directeur Général, SONIC, at the address above, the inside envelope clearly addressed as follows: "SOUMISSION — A NE PAS OUVRIR — Projet: Construction de Transformation de Produits papiers et celluloses".  
Tenders should be sent no later than May 30, 1978, the date being taken as evidence of the date of posting.  
Tenders remain bound by their quotations for a period of 120 days.

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"SONIC"

## INTERNATIONAL INVITATION TO TENDER

SONIC is launching an international invitation to tender for the supply of equipment for the manufacture of paper products. The tender concerns the following equipment:

- unit of machines for the manufacture of wadded paper
- unit of machines for the manufacture of gum paper
- unit of machines for the manufacture of complex paper.

Interested companies may obtain the tender documents from:

SONIC  
64, Rampe Ali Haddad (Ex. Zaatcha)  
El Mouradia, Algiers, Algeria  
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## SPAREKASSEN SDS

U.S.\$ 25m.

81 per cent, capital notes 1982.  
Holders of the above notes are advised that the annual reports and accounts for the year ended 31st December, 1977, of Sparekassen SDS are available at the offices of Manufacturers Hanover Limited, 8 Princes Street, London, EC2P 2EN, and at the offices of the other paying agents set out on the note certificate.

## CHARTER CONSOLIDATED LIMITED

Notice to Holders of 5 per cent.

CONVERTIBLE DEBENTURES 1984  
INTEREST PAYMENT NO. 18  
NOTICE is given to the holders of the 5 per cent convertible debentures of Charter Consolidated Limited that the last date for the redemption of the debentures is 31st March 1978. The debentures are redeemable at the option of the company at 100 per cent of the nominal value plus interest to the date of redemption.

## SOCIÉTÉ FINANCIÈRE ALGERIENNE

INCREASE IN SHARE CAPITAL

Notice to Shareholders in pursuance

of Article 10 of the Statutes

of the Company

The Board of Directors of the

Société Financière Algérienne

has the honour to inform the

shareholders that the Board

has decided to increase the

share capital of the Company

by the issue of 250 million

new shares of 100 Dinars each.

The new shares will be issued

in three instalments of 83 1/3

per cent each. The first instalment

will be paid on 31st March 1978.

The second instalment will be

paid on 31st May 1978 and the

third instalment on 31st July 1978.

The Board of Directors has

decided to open a subscription

list for the new shares from 1st

March 1978 to 31st March 1978.

The subscription list will be

open at the offices of the

Société Financière Algérienne

and at the offices of the other

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## HOME NEWS

## REPORT ON BRITISH WATERWAYS

## MPs urge £60m. boost for canals system

## FINANCIAL TIMES REPORTER

THE COMMONS select committee

report on the British Waterways

Board — which is sharply critical

of the role of Mr. Denis Howell,

one of the environment

Ministers, and his Department —

urges an investment boost for

waterways of £60m. over 15 years.

The canals are a "great potential

asset" to the nation, the MPs

say in their report. But for the

past eight years, they claim,

there has been a "deplorable

gulf between the Government

and the national British

Waterways Board with lack of

trust and much misunderstanding.

Delays had led to a trebling in

the amount of money needed for

maintenance. Involving

public safety, Mr. Bob Bean, M.P.,

a Labour member of the committee,

yesterday amplified the

potential dangers. Some parts of

the waterways system were in a

very dangerous condition, he

said.

The committee also urged the

Government to set up a

special body to co-ordinate

the waterways system with

other transport modes.

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Under the Transport Act 1968,

the Board owns or manages

about 2,000 miles of waterway

in England, Scotland, and Wales.

Of this, 359 miles are classed as

commercial, 1,071 miles as cruising

and 570 miles as un navigable.

The Board has been unable to

fulfil its statutory responsibilities,

in evidence to the committee,

it said that "finance sought by the

Board has been constantly denied."

This was a "most serious" charge, says

the committee.

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PARLIAMENT AND POLITICS

Minister accepts removal of Wales Bill clause

BY IVOR OWEN, PARLIAMENTARY STAFF

A BLOODLESS coup for the anti-devolutionists marked the opening of the committee stage of the Wales Bill in the Commons last night when the Government announced its willingness to abandon Clause One, the declaratory provision asserting that nothing in the measure affects the unity of the U.K.

The Wales Bill was run up from the Government front bench by Mr. Alec Jones, Under Secretary for Wales, in what is likely to prove the briefest speech in the course of the 11 days, provided under the guillotine procedure, for the line-by-line examination of the Bill.

He recalled that the Government had made no attempt to relegate a virtually identical declaratory clause in the Scotland Bill after it was rejected by the House. In the circumstances, the Government had not sought to retain Clause One of this particular Bill.

Anti-devolutionists on both sides of the House greeted the news as a significant St. David's Day coup.

Welcoming the announcement, Mr. Francis Pym, Conservative devolution spokesman, said it constituted a remarkable opening to the committee stage.

It was clear, he indicated, he argued that the Government recognised that it was in no position to defend the clause against the attack which anti-devolutionists were determined to launch.

Mr. Pym boldly claimed that St. David would have been on the side of those opposed to the Bill and forecast that even if it were to reach the Statute Book, it would be rejected.

Labour MPs see hope for re-selection accord

BY RUPERT CORNWELL, LOBBY STAFF

THE OUTLINE is in sight of a compromise which could settle the thorny question of the automatic reselection of Labour MPs before a general election—an issue which has threatened to divide the party.

Even Right-wing MPs now mostly accept the principle that there must be some form of reselection. The main battle appears likely to be fought over safeguards for a gifting MP disowned by his local party.

This renewed hope of a deal was born when the Conservative Party's annual conference, which opened in the morning, was held at Westminster yesterday to a formal vote forward by Mr. Joe Ashton, MP for Bassetlaw.

This proposal that every constituency should elect a committee to select its MP, with a special "endorsement" meeting midway through the life of a Parliament.

If the sitting MP's record was approved, he or she would go forward to fight the next election without further ado. Only if the vote went against the MP would arrangements be made for a selection conference to choose a new candidate.

As matters stand, a working party on reselection is due to report back to Labour's organisation sub-committee, which in turn will put proposals before the full national executive committee. This would be done so that constituency parties had ample time to discuss the issue before the annual conference in Blackpool in October.

But after yesterday's vote, 60 MPs present, only Mrs. Audrey Wise (Coventry S.W.) spoke out for radical change, the feeling being that the Left-leaning NEC will find it hard to opt for such sweeping change.

Differences remain on the selection of independent MPs. The Left broadly favours the idea of a management committee should be final, subject to the present proviso that the NEC can overturn its verdict when procedural rules have been broken, as in the case of Mrs. Maureen Colquhoun at Northampton North.

Right-wingers, however, emphasised yesterday that either the right of appeal to the executive should be broadened to cover substance rather than procedure, or the MP should be able to take his case to all paid-up party members in the constituency—a course favoured by many Labour officials. They believe that by bringing ordinary voters into the party's deliberations, its sagging support in the country could be improved.

Mr. Ashton warned yesterday that automatic reselection could produce perhaps 25 "orphaned" Labour MPs at Westminster, with no loyalty to party whips. They might also be tempted to run as independents at the next general election, with the risk of splitting the Labour vote and handing seats to the Tories.

Tories confident of decisive victory at Ilford North

BY PHILIP RAWSTORNE

CONSERVATIVES are confident of a decisive victory in today's by-election in Ilford North, the most marginal of Labour's London seats. Defeat for Labour would severely close the Conservative's chances of springing a General Election before the autumn.

With the Conservatives needing a swing of only 0.3 per cent. to regain the seat which they lost for the first time in 28 years in October 1974, a Gallup Poll yesterday put the party 22 per cent. ahead of Labour.

Though the Tories were greeted with scepticism by the party candidate, a severe self-back scratch inevitable for the Government's hope of re-establishing its electoral popularity on the basis of its economic performance.

Ministers will scrutinise the result in an attempt to measure the impact on the campaign of Mrs. Thatcher's hard line on immigration.

A Tory majority of over 5,000 would suggest that the Tory leader's tactics had mobilised popular support on an issue which could pose serious problems for the Government in the next General Election.

Opinion polls have so far indicated that the Tories would be the main beneficiaries of any anti-immigration feeling among the voters. The National Front, in spite of its well-publicised presence in the contest, was expected to secure only 0.5 per cent. of the vote according to the opinion surveys.

Liberal support—over 5,000 votes at the last election—majority of 18.

appears to have collapsed and the party's candidate is expected to have a struggle to save his deposit. Mr. David Steel, the Liberal leader, faces the prospect of another embarrassing inquest on the electoral effects of the Lib-Lab pact.

In the 17 by-elections of this Parliament, the Liberals have lost 12 deposits and twice finished behind the National Front in the polls.

A Conservative victory in Ilford would make it the sixth seat gained from Labour in by-elections since October 1974.

Labour's overall minority in the Commons would be increased to 16, but with Liberal support and the votes of Irish Labour and Scottish Labour MPs, it would retain a working majority of 18.

State road haulage extension must wait, says Rodgers

FINANCIAL TIMES REPORTER

MR. WILLIAM RODGERS, Transport Secretary, gave his backing yesterday to an extension of the nationalised sector of the road haulage industry. But he made clear in the Commons that the Government's commitment to an enlarged public sector in road haulage would have to be deferred until after the next general election.

His support for the State road hauliers came when Mr. Alistair Goodlad (C, Northwich) called on him to say what advantages the Government thought would arise from an extension of nationalisation in road haulage proposed in the transport White Paper.

Mr. Rodgers replied that in the great majority of its operations the National Freight Corporation could be a success. "I would like to see the NFC grow in its activities and make a substantial contribution to the well-being of the country."

Mr. Rodgers said that in the great majority of its operations the National Freight Corporation could be a success. "I would like to see the NFC grow in its activities and make a substantial contribution to the well-being of the country."

Southall urged that the next Labour Government—freed from the constraints of the Lib-Lab pact—should return to socialist policies for transport, "which would include a considerable and over-late extension of the nationalisation of road haulage."

Mr. Rodgers replied: "It would be the new Parliament to consider a clear commitment to consider an enlarged public sector in road transport."

THE GOVERNMENT is willing to consider a new channel tunnel project provided the Common Market meets a large share of the cost, Mr. William Rodgers, Transport Secretary, told the Commons yesterday.

He said the Government's position was that a tunnel could not feature in present priorities given the economic difficulties the country was passing through.

But he stood by the Government's declaration, when the previous project was abandoned, that it would be "ungenerous" not to consider any proposition coming from the EEC, particularly if it involved a financial contribution.

LABOUR NEWS

Tories want strong army and police - Whitelaw

MR. WILLIAM Whitelaw, Conservative deputy leader, yesterday continued the party's campaign to highlight the issue of law and order by arguing that under the Labour Government there was "a serious weakening of both the armed forces and the police."

A Conservative government is pledged to maintain a strong armed service and a strong police service, he said. "This means making sure that their pay and conditions give them the appropriate status in our society and a good position in relation to average industrial earnings. The next Conservative government will do that."

Mr. Whitelaw told a Conservative women's conference in Aldershot that the primary duty of government was to protect its citizens and this duty required the maintenance of strong defence forces against threats from overseas and a strong police force to maintain the freedom and order of society at home.

Under Labour, the pay and conditions of these services had steadily deteriorated, compared to industrial earnings, and as a result morale in both the armed services and the police was very low.

Unless the pay review body was given the freedom to recommend their own genuine proposals in the spring he was certain that a serious weakening in armed forces strength would result.

MPs table steel motion

BY RUPERT CORNWELL, LOBBY STAFF

MPs HAVE stepped up their campaign to secure an early Commons debate on the steel industry following the highly critical reports from the all-party Select Committee examining the British Steel Corporation.

Members of the committee last night tabled a motion in which they called unanimously for the Commons to "take note" of their three reports.

The motion has been framed to preserve the committee's bipartisan approach. Some of its Tory members had wanted to include a demand that the report be explicitly approved. Such a step would have again thrust the question of the resignation of Mr. Eric Varley, Industry Secretary, into the arena.

The motion, still presents Ministers with an uncomfortable choice whether to grant time for a debate before Mr. Varley's statement, due just before Easter, or to run the risk of provoking the Conservatives into using some of their allotted time to force discussion.

Government record on law attacked

THE GOVERNMENT had a record in its attitude to law and order in the House of Commons yesterday.

Lord O'Hagan, for the Opposition, suggested in the Lords yesterday that the decline in respect for authority and the need to reassert the primacy of the law were the main reasons for the current lawlessness.

Lord O'Hagan instanced the story of the TV licence fees, of Tameside, Skytrain and Clay Cross. This was a catalogue of shameful episodes by a Government which should be giving a lead.

Lord Widdowson (Lab.) said that rising crime was a common problem throughout Western society. A strict regime of the "glass-house" sort would cause a good deal of satisfaction to the victims of crime and to the community as a whole, but one had to consider with great care whether it would contribute towards deterring juvenile offenders.

The detention centres which had been in use up to 1970 had not had a deterrent effect, as the re-conviction rate was very high on 50 per cent.

But he believed that juvenile courts should have better powers to see that such offenders were put in secure places.

Lord Gardiner, a former Labour Lord Chancellor, said he agreed with Mrs. Thatcher and Mr. Whitelaw. Our first priority must be to increase the police force to deal with the increase in crime.

He had never known a period when there had been so much abuse of judges and lawyers. "I don't really know what they have done to deserve it. It seems to be a popular sport."

In a maiden speech, Lord Kinross said: "Too many parents give priority to their own pleasures and take too little interest in the well-being of their children."

Lord Hunt said that in homes and schools, industry and trade, the standards of discipline and respect were being lost.

She said the pressures of advertising on young people who did not have the opportunities to reach for the "glittering prizes" and the quick glamour and achievements of pop-stars and footballers produced "the temptation society."

Lord Auckland (C) said the Tory idea of a place akin to a "glass-house" would not mean having all the dreadful things that went on in those places. There were certain young offenders for whom a short sharp sentence involving a high standard of discipline would not be enough.

Jobs market picture stays confused after latest figures

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE NUMBER of workers in employment shows no signs of picking up in spite of the apparently contradictory evidence of the recent fall in unemployment.

New estimates in the latest issue of the Department of Employment Gazette show that the number of employees in jobs in production industries in Britain was unchanged in the month to mid-December at 9.11m, seasonally adjusted. This is 47,000 lower than the mid-June total.

This merely adds to the rather confusing picture of labour market activity at present with unemployment declining since the late summer and notified vacancies rising sharply. It is possible that one answer may have been a rise in service employment though up-to-date figures are not yet available.

On a non-seasonally adjusted basis, the total employees in work in production industries was 9.15m in mid-December—7,700 lower than a month earlier and 800 higher than in mid-December 1976.

The number of work stoppages due to industrial disputes in the employment in January notified picking up in spite of the apparently contradictory evidence of the recent fall in unemployment.

During the month, about 98,700 workers were involved in stoppages, including some which had continued from the previous month, and 789,000 working days were lost, including 324,000 lost through stoppages which had continued from the previous month.

Other new figures show that the weekly number of hours of overtime worked in manufacturing industry rose from 14,89m in the first quarter to over 15m in the second quarter of 1977. Households on average contained 2.79 persons, of whom 1.37 were working, and spent nearly £70 per week. This was about £4.60 per week more than in the first quarter and over £8 per week, or 15 per cent, more than in the second quarter of a year earlier.

Compared with a year earlier, the main increases were on food (2.2%), transport and vehicles (5.1%), housing (2.2%), and on fuel, light and power (£1). This last item of expenditure showed the largest increase—over 26 per cent.

LABOUR NEWS

Postmen likely to settle within guidelines

By Pauline Clark, Labour Staff

THE UNION of Post Office Workers, representing more than 200,000 postal workers, appears ready to accept a pay deal within Government guidelines.

There has been grass roots pressure for a conclusion to the present pay negotiations between the union and the Post Office. Settlement is now two months overdue.

The union explicitly said that there had been problems in finding a formula which would be fair to the majority.

Many members would benefit from a 10 per cent increase on basic rate which, for a postman aged over 21, stands at £28.86.

But because overtime is being paid on the basis of rates fixed three years ago, consolidation of supplements to the wage packet since 1975 had become a major issue.

These supplements include a 7 per cent rise in January, 1975, and the Phase One and Two payments.

The union has not made much headway in its demand for the 7 per cent to be brought into basic rates, in spite of recent representations to the Department of Employment.

The UFW negotiators were given a free hand by their 1977 conference to negotiate as best they could under whatever restrictions emerged after the end of Phase Two of the Government's pay restrictions.

Nor is there much sign that postmen are prepared to take industrial action on the pay claim.

Aerospace industrial action warning

The British Aerospace Staff Association yesterday warned of industrial action throughout aerospace sites over a proposed industrial democracy plan.

The warning came from Mr. Peter Fairley, general secretary of the association, which is fighting for recognition in the nationalised industry.

Pay rise

About 70,000 wool textile workers in West Yorkshire, the North West and Scotland will get a 10 per cent. pay rise.

Allowance granted

The 800 staff at the Central Veterinary Laboratory, Weybridge, received a London weighting allowance of £276 a year back dated to April, 1974.

\$250,000 for ILO

Britain will contribute nearly \$250,000 to the International Labour Organisation this year and next.

Strike continues

Production at British Leyland's foundry at Welbourn, Northants, is at a standstill after 150 members of the Amalgamated Union of Engineering Workers voted to continue an unofficial strike.

Chapple wins £22,500 pamphlet libel damages

MR. FRANK CHAPPLE, the anti-Communist general secretary of the 433,000-strong Electrical and Plumbers Trades Union, was awarded £22,500 damages in the High Court yesterday for libel in a pamphlet headed: "The ugly face of Chapple's Union and how to change it."

The pamphlet, which accused Mr. Chapple of pursuing policies contrary to union members' interests, and galling criticism within the Union, was published when he was standing for re-election as general secretary in 1976.

Judgment, with costs, was entered by Judge Lymbery, QC, against the printer and publishers, S. W. Litho, of Corbridge Crescent, Rethel Green, London, which is now in voluntary liquidation.

Mr. Peter Bowsher, counsel for Mr. Chapple, said the company was part of the Socialist Worker Group.

It was not represented at yesterday's hearing and the judge had been asked only to decide whether the pamphlet was defamatory and what damages should be awarded.

Mr. Chapple later said he hoped the award would be a "salutary lesson" to extremists. There had to be some form of defence to the type of extreme pressure to which he had been subjected.

The judge said a court could award "aggravated" damages in order to express its indignation at a defendant's conduct. "I am indignant for Mr. Chapple. He has been gravely libelled," he added.

Mr. Bowsher told the judge that Mr. Chapple's claim for damages against Socialist Worker Printers and Publishers had been stayed by the compulsory liquidation. Mr. Chapple would now become a creditor in the liquidation of S. W. Litho.

Stamps feature royal palaces

FOUR of Britain's royal palaces and castles feature on new stamps which went on sale at post offices yesterday.

They show the Tower of London, which celebrates its 900th anniversary this year, on the 8p stamp; the Palace of Holyroodhouse, Scotland (10p); Caernarfon Castle, Wales (11p); and Hampton Court Palace, London (13p).

Jobs market picture stays confused after latest figures



## THE JOBS COLUMN

## Life of Reilly junior • Economists for Tube and Chair

BY MICHAEL DIXON

SOMEWHERE IN London a young man is working as an office assistant for £18.27 a week. Do not ask me if he is satisfied in his job. I know only that he is there — detected by survey of junior-rank staff disclosed yesterday by Lloyd Incomes Research.

In gross terms, at least, the young man is at present 27p a week better off than he would be on the Manpower Services Commission's job-creation scheme, now being ramified into two branches dignified by the titles: Youth Opportunities Programme and Special Temporary Employment Programme.

But it is to be hoped that our young friend's small service-company employer will give him a full 10 per cent rise this month. Otherwise he will be left behind his counterparts in job-creation, who from April 1 will receive £19.50 a week from the taxpayer and, in expensive areas like London, possibly extra allowances to cover travel and such.

On the other hand, most of the clerical, assistant and secretarial staff covered by the Lloyd survey in 126 British companies seemed to be doing fairly nicely. The highest salary was £7,200 for a computer programmer, though some people doing that kind of work received only £2,150. The

average salary for the 6,376 people studied was £2,542, though the figure for London and the South-east was £306 higher than that for the provinces.

For the Government, the Lloyd research contains some good news, and then again, some bad news. Ministers will be cheered to know that 84 in every 100 companies provided the staff with training, 40 by means of day-release to college.

By contrast, only 68 per cent used the Manpower Services Commission's Jobcentres for recruiting staff, whereas 87 per cent used private-enterprise employment agencies. This—

considering the cost of taking the Government's old employment exchanges, chromium-plating them and re-sitting them with staff from the old Civil Service source in expensive city centres—surely offers a lesson to Employment Secretary Albert Booth. But I doubt whether he will be willing to learn it.

For readers interested in recruiting "junior" or, like me, in comparing conditions to-day with those they suffered in their own youth, here is the survey's findings on other perks provided. Among every 100 typical companies:

More than 20 working days of annual leave are allowed by 46 employers. Overtime is paid by 65. Flexi-time working is offered by 28. Subsidised can-

normal recruitment labours and found the person he wanted. The candidate accepted, and the unsuccessful final candidates were informed. Then the designated recruit came back to apologise and say that stimulated by the thought of losing him, his present employer had made him an offer which he would be daft to refuse. Tube Investments signed, and wearily and expensively returned to the recruiting board.

The general question raised by this is should the job-applicants' obligations under the code include a provision that, having accepted an appointment, a candidate will not gazump the recruiter if a better offer is then made by the current employer?

I have no doubt that, in fairness, the accepting candidate should be no less obliged to honour the agreement than is the employer, and this seems probably to be the case in law. But I doubt that in practice the deprived employer would want, or be wise, to pursue his theoretical rights.

A legal claim for damages, even if likely to be successful, would surely be well publicised to the detriment of the plaintiff's image in the employment market. And compelling somebody to come and work for a company would seem to me foolish on the principle that,

although you can stick a horse's head in a bucket, it will most probably just contaminate the water.

The proposed code could only be weakened by saddling it with clauses that nobody would insist on if matters came to the crunch, and I therefore think that the no-gazumping clause is another, which, while desirable ideally, we should in practice manage better without.

If that answers the general question, however, it still leaves £800m-plus turnover Tube Investments with the specific problem of a hole where its new group economist should be. And Brian Ashworth (Bridgewater House, Cleveland Row, St James's, London SW1A 1DG) would like to have written outline details of any reader who might be interested in filling it.

Responsible to him, the newcomer will be one of about eight specialists in the corporate planning area. Unlike others, though, the incoming man or woman will be working on the group-level concerns of this assembly of mainly engineering businesses much involved in overseas countries.

The work will include contributing to business planning by producing reviews of the U.K. and foreign economies, advising about economic going-on and their likely effect on T.I.'s existing and prospective activities,

and undertaking particular studies related to investment and development.

As far as I can gather, Mr. Ashworth also wants the newcomer to serve as a sort of missionary, converting the benighted "cathens" still left within T.I. to a proper respect for economics as a useful discipline.

Applicants need a good honours degree in the subject and at least five years' relevant experience, including corporate planning work in an organisation with major interests abroad. Age indication is around the thirties.

No salary is quoted, but I would say that T.I. must be prepared to pay around £8,000 a year.

## Bradford

NOR is my estimate of the T.I. salary a low figure when you see that the minimum salary for the Professor of Managerial Economics wanted by the Management Centre of Bradford University is only £8,106. To get one, however, I feel sure that the university would be able to pay a bit more, and whoever takes the post will no doubt be offered some lucrative consultancy work.

The Bradford Chair is vacant because of the fairly recent will be expected, of course, of Professor Gerry undertake research. Professor Newbould in the U.S. With six Higgins said that at present

there are particular research interests at the centre in business policy and international operations.

What he could hardly say with prudence is that he would prefer to have somebody with experience of managerial economics in practice in the working world, rather than just in theory in academia. But I suspect that he would so prefer, and with knobs on.

So my guess would be that a person with successful working experience in economic analysis, corporate planning, or the assembling of business policy would have a distinct advantage. To get the job, however, this experience would have to be extra to a good honours degree in economics at bachelor-level, a higher degree in some subject of related kind, and a list of articles published on topics of economics and management.

Age could be anywhere, I suppose, between about 30 and 45. More information about the job is obtainable officially from the Bradford University registrar, who would like to see their prospects informally could send outline career details to Professor Higgins, the Management Centre in Embs Lane, Bradford 9, or even tele-

phone him on 0274 422292.

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The Financial Times proposes to publish, within its regular Thursday Appointments columns, on March 9 1978, a section headed "Newly Qualified Accountancy Appointments." This section is timed to appear following the results of the Finals, when several thousand newly qualified accountants will be in search of career opportunities. For full details of advertising in this section contact: James Jarratt on 01 248 8000. Ext. 539.

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One of the most diverse multinationals with a turnover of £900m is looking for young qualified accountants to be groomed for responsible line positions in the UK and overseas. With a top reputation for career development, the company can offer a wide variety of opportunities. Successful candidates will be placed initially within the highly sophisticated audit department.

whose objective is to provide senior management with an independent assessment of operating efficiency and controls for present and future company objectives, and in this position travel in the UK and occasionally overseas can be expected. After this period of mutual assessment, advancement will match ability and expectations.

H.W. FitzHugh, Ref: 20074/FT

Male or female candidates should telephone in confidence for a Personal History Form to:  
LONDON: 01-734, 6852, Sutherland House, 5/6 Argyll Street, W1E 6EZ.

**Hoggett Bowers**  
Executive Selection Consultants  
BIRMINGHAM, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

THE OPEN UNIVERSITY

MILTON KEYNES

c. £7500 p.a.

Consequent upon the substantial growth of this young (1969) institution, the 'Head-of Finance' is seeking to appoint two Assistant Chief Accountants.

### Assistant Chief Accountant (Financial Accounting)

The Assistant Chief Accountant - Financial Accounting - will be responsible for the maintenance of the University's financial services. The specific duties will include the management of:

- a) Payroll for 2500 full-time and 5000 part-time staff
- b) Accounts payable and supplier accounting
- c) Billing and fee collection for 85000 students
- d) The University's banking arrangements
- e) Operational Data Processing liaison.

(Ref: FA)

### Assistant Chief Accountant (Financial Planning and Budgetary Control)

The Assistant Chief Accountant - Financial Planning and Budgetary Control - will be responsible for the maintenance of the University's financial planning and budgetary control services. The specific duties include the management of:

- a) Development of Financial Planning

- b) Budgetary control systems (£34 million p.a., 100+ budget centres)
- c) Development of costing applications and methods of economic measurement
- d) Analysis of the financial implications of alternative resource allocation strategies.
- e) The production of interim and statutory financial reports.

The University has computing services available for the development of these services.

For each post a professional accounting qualification with significant post-qualification experience is an essential prerequisite. Personal attributes will include strong technical abilities coupled with the maturity to represent and manage a substantial part of the Division.

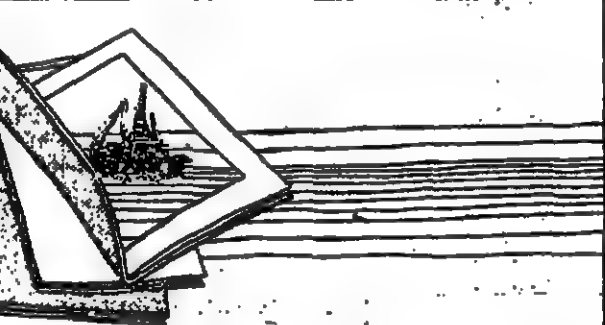
These are senior posts and enjoy good conditions of service including an excellent pension scheme, life cover, generous leave, relocation expenses and good sporting and social facilities. The salary is within the scale UAP III (£6443 to £7951 - under review from 1st October, 1977).

Prospective applicants wishing further details or an informal discussion are invited to contact Mr. Denis Brown on Milton Keynes 71131.

Application forms and further particulars are available, by postcard request please, from The Personnel Manager, The Open University, P.O. Box 75, Walton Hall, Milton Keynes, MK7 6AL, or by telephone from Milton Keynes 63868 (24-hour answering service). Please quote reference number. Closing date for applications: 20 March, 1978.

## Accountants Check this one out

Financial investigation into North Sea OR operations - work which is topical, challenging, and of national importance - is just one of the wide range of problems you could be involved in as a government accountant. It's an example of the type of assignment you could expect in an accounting unit which services four major Departments - Industry, Trade, Energy, and Prices and Consumer Protection. Nationalised Industries, government-owned companies, monopolies, mergers, prices policies - all are dealt with by accountants based within the Unit. And companies in the private sector figure largely in the work, providing the opportunity to deal closely with senior management on loans and grants. Apart from the interest that such variety generates, you can derive a particular satisfaction from the essentially interpretative nature of the work: if a problem-solving approach appeals to you, government accounting has a lot to offer.



You must be a Chartered, Certified, Cost and Management, or Public Finance Accountant, preferably aged under 40. Professional office experience is highly desirable.

Current vacancies are in London. Starting salary will be within the range £4885 - £6885 according to age and experience. Promotion prospects to £8400 and above. Appointments are pensionable and can be permanent, for a fixed period, or (in appropriate cases) on secondment terms.

For full details and an application form (to be returned by 17 March 1978) write to Civil Service Commission, Alencon Link, Basingstoke, Hants, RG21 1JB, or telephone Basingstoke (0256) 88551 (answering service operates outside office hours). Please quote G(A) 690/5.

## Finance Director - Public Co.

Home Counties c £13,000 (could be more)

The main responsibility of the Finance Director is to assist the Chairman in identifying and investigating new business opportunities. The Company has substantial funds to invest in businesses which will balance with its present product policy. There is also the responsibility to improve the effectiveness of financial management in both the existing and newly-acquired operations.

Candidates should be able to show experience of both acquisition investigations and financial control in a profit-conscious but professionally-managed

environment. The preference is for a person in the early thirties, qualified as an accountant, who thoroughly enjoys a demanding job. Remuneration package is for negotiation; making it attractive to the right candidate will not be a problem.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications. Please write to Dr. I. F. Bowers quoting ref. 682/FT on both envelope and letter.

**Deloitte, Haskins & Sells, Management Consultants**

P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX.

## Non-Marine Insurance Broking Marketing Director

To play a key role in the future growth of this successful British group by joining a forward-thinking management team whose objectives include the introduction of modern marketing methods to support the underlying strength of service and technical expertise.

Your task will be to plan and execute an aggressive marketing policy with the aim of attaining growth, increased profits and market share. Your relevant management experience must include demonstrable success in the development of general insurance business. Aged up to 40, you will be an excellent communicator with a high energy level and probably have a university degree or professional qualification. Excellent benefits include prestige car. The successful person can expect a salary well into five figures. Location London.

Please send, in confidence, details of qualifications, experience and personal circumstances, quoting ref: 1547/RA/FT to:

**Robert Lee  
International**  
24 BERKELEY SQUARE, LONDON W1X 6AR.

## Business Manager

Middlesex

£12,000+  
and car

This is a key senior appointment with responsibility to the Managing Director for ensuring the efficient operation of all commercial and administrative functions in the newly formed and expanding distribution organisation COMAG (The Conde Nast & National Magazine Distributors Ltd.). The task will include the development, improvement and general management of activities concerned with management control and information systems, commercial administration, sales management services, and company organisation; some personnel administration and industrial relations involvement can also be expected. The man or woman appointed will probably be aged 35-45 and have a degree. A successful record at senior level in general commercial management is essential; also important are a flair for organisation and administration, numerical, commercial acumen and a strong but congenial personality. The starting salary will not be less than £12,000; it could be higher for an outstanding person; a car will be provided together with other good fringe benefits. There is an excellent opportunity to earn an early appointment to the Board.

Please write in confidence to M. Lomas or telephone for a personal history form quoting the reference L/38/7



**The P-E Consulting Group Appointments Division**  
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## Group Manager HP Finance

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Upwards of equivalent £16,000 plus benefits

An expanding major commercial and engineering group, with a workforce already in excess of 2,500, is looking for an experienced Manager to supervise, account for profitability and further develop the HP Finance Division.

The Division consists of 80 staff utilising the company NCR Century 201 computer with sophisticated on-line systems. You will take responsibility for its portfolio in excess of £30 million and upwards of 16,000 accounts with an in-house legal section directly supervised by two lawyers.

This is a senior appointment involving direct dealings with top management and calls for a professional approach and the ability to communicate well at all levels. The successful applicant, aged 35-50, preferably with a university and/or professional accountancy qualification, will currently hold a senior post in a Finance House or 'In-House' credit department. With 5-10 years' practical

experience in the consumer finance field, you should have a sound knowledge of the application of computer techniques to credit control, using on-line terminal units and branch operations.

The terms of employment include renewable contracts of 2 years' duration, free passages to and from Kuwait, house rent allowance of KD350 per month, currently adequate to provide modern three bedroom apartment, interest-free furniture loan, a free company car and the above mentioned highly attractive tax-free salary which should provide ample opportunity for exportable savings.

Please apply to Mrs. Susan Holley, 8th Floor, Silver City House, 42 St. James's Road, SW2, including full details of qualifications, training and experience, a passport photograph and a recent CV. Applications will be acknowledged and interviews will take place during March.

## money management

### Journalist

A journalist is required for Money Management magazine and its companion year-books. He or she will be expected to both participate in the writing and future planning of articles and also to assist with the general production of the magazine.

The successful applicant should be able to demonstrate from recent experience that he or she has the necessary self-confidence, ability and knowledge to work with the minimum of supervision. Knowledge of insurance and other subjects relating to personal finance would be a distinct advantage.

Please write giving full details of your experience.

Niall Sweeney,  
Editor,  
Money Management, Greystoke Place, Fetter Lane,  
London EC4A 1ND

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(Salary range £2,215 to £4,515 p.a., depending

on appropriate experience in a similar capacity)

Applicants should have an interest in, and knowledge of, economic and social policy issues. An Honours Degree, though not essential, would be a considerable advantage. Duties will include the preparation of papers on economic issues and will involve a good understanding of applied macro economics. A background of activity in the Labour Party, or in the wider Labour Movement, would also be of considerable advantage.

Application forms and conditions of employment can be obtained from:

The Administrative and Personnel Officer  
The Labour Party, Transport House  
South Square, London SW1P 1JA  
Tel: 01-834 9434  
Completed application forms should be returned not later than  
Thursday, 23 March

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LENDING OFFICERS aged 21-30 with previous experience of international lending. To £8,000 + Benefits

INVESTMENT ANALYST/PORTFOLIO MANAGER preferably with a knowledge of American Securities. To £7,500

CORPORATE FINANCE EXECUTIVES ideally ACA's or young Lawyers with linguistic abilities. £7,000 + Benefits

FUND MANAGER aged 28-35 for newly formed investment company. £7,800 + Profit Share

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An established national firm of Chartered Accountants has an exceptional opportunity for partnership in its rapidly expanding tax department.

Candidates must be Chartered Accountants but may have specialised out of the profession, in either corporate or personal tax. In addition to the highest professional skills, they should possess the personal qualities that will enable them to contribute to the continued growth of the firm. The present partners are practising Christians and would hope that applicants will share their outlook.

Salary and profit-share will be very attractive and are negotiable.

Please apply:

Sir Timothy Moore,  
7, Wine Office Court,  
London EC4A 3BY.  
01-353 1658

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NOR Pricemarking Systems ist eine Tochtergesellschaft von Norprint Group Limited U.K., die zur Leitung von Norprint Limited, dem führenden Etikettierunternehmen Europas, gegründet wurde. Die NOR-Gesellschaft mit Sitz in Frankfurt ist eine kleine Vertriebsorganisation mit ausgezeichneten Wachstumschancen, die aus dem U.K. stammenden Vorräten verkauft.

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Bewerber und Bewerberinnen bis 35 Jahre müssen berufliche Ausbildung besitzen. Die Muttersprache muss Englisch sein, fließendes Deutsch ist jedoch ebenfalls unerlässlich. Praktische Erfahrung im deutschen Geschäftswesen ist ein zusätzlicher Vorteil.

Please write giving details of qualifications and experience to:

Mr. D. E. O. Gubler,  
Divisional Personnel Manager,

Norprint Limited,

Hornsea Road,

Boston, PE21 9HZ.





## Operations Manager - Banking

Central London

c. £10,000+benefits

A major international bank, based in London has grown rapidly over the last five years. As a result they need a manager to supervise the day-to-day running of the transaction processing systems and managing a staff of 20. The smooth running of the bank will be very dependant on the competence of the Operations Manager.

Candidates (m/f) should be around 40 years old,

ideally A.I.B., but certainly with extensive administrative experience in a bank or accepting house and experience of managing staff in this environment.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications. Please write to Dr. I. F. Bowers quoting ref. 685/FT on both envelope and letter.

**Deloitte, Haskins & Sells, Management Consultants,**  
P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX.

### Charles Barker Confidential Reply Service

## Financial Controller

A major subsidiary of a wholly owned but autonomous engineering group seeks to fill this key appointment. The Company has current sales of £13m, based on an internationally known product. Profit and growth records are highly successful and future plans are ambitious. Responsibility will be for the overall control of financial performance, plans and projections. There will be an emphasis on management capability and skills which will contribute to the continuing growth of the operation. Overall success here should lead to wider local and Group responsibilities. The appointment will appeal to a qualified accountant, aged 35 or over, with a solid industrial accounting background, preferably gained in engineering batch production. Location is in the Greater Manchester area and assistance with removal expenses will be available. Terms are competitive and for discussion around £8,500 p.a. plus car and fringe benefits appropriate to a Major Group. Reference 1462.

## Financial Controller

Heathrow  
c.£8,500 plus car

The Heathrow Hotel and International Conference Centre is seeking a qualified Accountant to control and direct the activities of the Financial Controller. The person appointed will be responsible to the General Manager for providing accurate financial management accounting information for the controlling the financial aspects of the hotel. The successful applicant, probably from a professional background, will have had extensive experience of analysing financial systems and of resolving financial problems in a commercial environment. Experience of managing a department will be essential. The salary is enhanced by a company car, non-contributory pension scheme, 5 weeks annual holiday and BUPA membership. For write or telephone for an application form to: Mr. R. A. Ferdinand, Personnel Manager, Heathrow Hotel, Bath Road, Heathrow, Hounslow, Middx. Tel: 01 897 2419.

**The Heathrow Hotel**

### ACCOUNTANT-SECRETARY DESIGNATE FOR SMALL WEST END ORGANISATION

A candidate must have practical experience of day to day manual bookkeeping and would be responsible for all aspects of the accounts up to and including final accounts. Knowledge of PAYE and VAT is desirable. As Secretary Designate the candidate is expected to be conversant with many secretarial responsibilities. A professional qualification is not essential but some professional training would be an advantage. First salary will be paid. Applications in writing only with full details:

S. G. Gibbons, 62, St. James Street,  
London, SW1A 1LY.

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## Secretary's Department

from £5,800

N.W. London

The Guinness group of companies covers a wide range of industries, including brewing, general trading, plastics and confectionery. Turnover is running at around £1.3 million per day. Two vacancies have occurred within the group at their brewery located in Park Royal, London.

### Assistant Registrar

The Guinness Share Register consists of a UK and Guernsey register covering three classes of stock; there are currently 53,000 accounts, all of which are maintained on an in-house computer. An excellent career opportunity has arisen to join a small professional team involved in the full range of activities. Preferably a member of the Chartered Institute of

Secretaries you should have 5 years' experience in share registration work at a senior level; a knowledge of computerised share registration systems would be an advantage.

### Assistant Company Secretary

The Secretary's Department of the Park Royal Brewery requires an Assistant Company Secretary to carry out all aspects of a company secretary's work, with a bias towards the legal aspects of the post. Qualified as a Chartered Secretary, or with a background in law, you should have gained three years' relevant post-qualification experience.

The salary for both posts is negotiable from £5,800 depending on qualifications and experience, and there is an exceptional range of benefits including profit share, non-contributory pension scheme, free meals and 5 weeks holiday. Generous assistance with relocation will be provided if appropriate.

Applicants, male or female, should write with details of age, education and experience to Miss A. P. Lloyd, Assistant Personnel Manager, Arthur Guinness Son & Co. (Park Royal) Limited, Park Royal Brewery, London NW10 7RR.

**GUINNESS**

## FINANCIAL CONTROLLER

£12,000 + car

Our Client is a £20m T/O international company located on the South Coast and engaged in the manufacture of fast moving consumer goods. This is a new appointment due to continued growth and organisational demands.

Reporting to the Finance and Administration Director, responsibility will be for the major part of the Financial and Accounting operations of the Company. Following the installation of an upgraded computer, there will be an early priority to maximise its use. The appointee's superior oversees other non accounting functions, thus the scope in this role is excellent.

Candidates, male or female, in their early thirties, should be qualified Accountants who have had senior line management responsibility. A knowledge of the fast moving goods sector would be desirable. Ideally, applicants will have had experience in the pharmaceutical, toiletries or related industries.

The remuneration package includes a basic salary of up to £12,000 plus an annual bonus, a car and other benefits.

Please apply in writing, giving your telephone number and quoting reference 820, to Peter Barnett, F.I.P.M., M.I.M.C., Barnett Keel Ltd., Providence House, River Street, Windsor, Berks SL4 1QT. Tel: Windsor 57011. Telex: 849333.

**Barnett Keel**  
MANAGEMENT SEARCH

## Financial Controller

Up to £10,000 per annum + car

S.W. London

Our client is the rapidly expanding and autonomous subsidiary of a major, European based, international electrical engineering group. The company is engaged in a successful programme of increasing its market share in this country and current sales turnover is well into eight figures.

The Group Financial Controller will be heading an existing team of qualified and support personnel in the vital task of developing financial control systems and monitoring the management reporting procedures for three divisions involved in manufacturing and marketing.

You will need to be a professionally qualified Accountant, probably in your thirties, who has a proven track record in operating tight financial control techniques within an international business environment. Your career progress to date will also demonstrate your high levels of energy and enthusiasm and your ability to communicate these to others and, thus, motivate your team.

The starting salary for the right man or woman is negotiable up to £10,000 p.a., a company car will be provided and there are other first class benefits.

Please write, giving full details of your age, qualifications, career history and salary progression to date, stating the names of any organisations to which your letter should not be sent, to:-

T. L. Roberts, Director (Ref: 904).

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## REGIONAL ACCOUNTANT

RECENTLY QUALIFIED

Slough

to £7000

Travelling up to 50% of the time, the Accountant will have responsibility for specific areas of business in the Middle East, Far East and Africa. Carrying out regular operational review, the Accountant will additionally be involved in systems development and cash management, and may well deputise for local controllers.

A subsidiary of a US public company, our client provides geophysical services to the oil exploration industry. Turning over \$50 million in the Middle East and Africa it is expanding rapidly. Applicants (male or female) should be recently qualified chartered accountants and should telephone or write to David Hogg ACA quoting reference 1/1643.

EMA Management Personnel Ltd.  
Burne House, 88/89 High Holborn, London, WC1V 6LR  
Telephone: 01-242 7773

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### Legal Adviser

London - West End

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This new vacancy has arisen due to the successful expansion of this international shipping and container group. A full-time legal adviser is now to be recruited to be responsible for the formulation and completion of legal agreements concerning the purchasing and financing of the group's container and crane fleet. The applicant appointed will also be expected to advise management on aspects of commercial and company law and consequently will gain excellent practical experience in these subjects. Ideal candidates will be solicitors who have been qualified for at least two years and who can display the ability to utilise their technical and academic knowledge in a really practical manner.

Telephone 01-836 1707 (24 hr service) quoting Ref: 0271/FT. Reed Executive Selection Limited, 55-56 St. Martin's Lane, London WC2N 4EA.

### Recently-Qualified Accountant

London W.1.

c £7,000+benefits

A major international group with a turnover in excess of £100m. is now offering, to a young qualified accountant (either Chartered or Certified), an opening into industry through its London-based head office. As part of the central management team the person appointed will be able to expand his/her experience and will have the opportunity to progress within the Group. We are therefore seeking an individual aged mid/late 20's and ideally with two years post qualification experience in either the profession or industry. The remuneration package is certainly attractive and includes 23 days annual holiday.

Telephone 01-836 1707 (24 hr service) quoting Ref: 0799/FT. Reed Executive Selection Limited, 55-56 St. Martin's Lane, London WC2N 4EA.

The above vacancies are open to both male and female candidates

London Birmingham Manchester Leeds

## CORPORATE TREASURER

EUROPE/USA

£20,000 +

A medium international company with operations in Europe and the United States seeks an experienced Treasurer, reporting to the Managing Director, with responsibility for all aspects of the Treasury: negotiation of long and medium term loans; foreign exchange; money management; short term investments; exchange control; and insurance. The Treasurer will be expected to develop corporate policies in these areas as well as supervise and monitor their implementation.

The successful candidate will probably be presently working in a similar position in a major international group, may have worked in a bank, and has good professional and scholastic qualifications. The company headquarters are located in a part of South-West London and in California. Travel between the two centres will be necessary. Excellent salary and benefits will be offered.

Please write in complete confidence giving full details of career to date and present remuneration to: Box A.6282, Financial Times, 10, Cannon Street, EC4P 4BY.

## Finance Director

Thailand

c. £14,000 p.a. After Tax

Our clients, a successful British company with wide interests overseas, currently seek to recruit an experienced Finance Director, for one of their affiliates in Thailand.

This important new position, based in Bangkok, calls for a Chartered Accountant who is able to advise with confidence as to the desirable direction of the Company's activities, having regard to the economic interest of the Thai Government and the impact of the national economy. Reporting to the Managing Director, the successful candidate will be responsible for the financial security of the Company, especially in dealings involving foreign currencies.

Candidates, aged between 35 and 45, should also have general management

experience, preferably gained overseas. Knowledge of financial reporting and computer programming is essential, as is an understanding of taxation.

In addition to the salary mentioned, attractive benefits are offered including a chauffeur-driven car, educational assistance for children, passage paid leave in the U.K. and non-contributory retirement benefits.

Please write with full personal particulars and career to date to Position Number ASF 6656, Austin Knight Limited, London, W1A 1PS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

**AK ADVERTISING**



## Financial Controller ZAMBIA

Excellent salary + benefits + gratuity

The Industrial Development Corporation of Zambia (INDECO) seeks an experienced financial executive of proven leadership to assume overall financial responsibility of the Group. Through its 32 subsidiary companies, the Group covers the largest spectrum of industrial activity in the country, with a turnover of over £250m and net assets in excess of £180m.

Leading a team of qualified accountants and financial specialists, the successful candidate will be responsible for:

- \* Corporate planning
- \* Investment appraisal and project evaluation
- \* Internal audit services
- \* Systems development (currently operating IBM 340 computer)
- \* Group budgeting and financial policies
- \* Training of local staff

With attendance at the Board of the holding company and selected subsidiary companies, the Financial Controller reports to the Group Managing Director.

An attractive compensation package will be offered, comprising:

- \* Negotiable basic salary.
- \* 25% terminal gratuity on completion of initial 3-year contract.
- \* Company car.
- \* Subsidised furnished accommodation.
- \* Baggage and settling-in allowances.
- \* Air fares to and from Zambia at beginning and end of contract.
- \* Free medical facilities and life insurance.
- \* Six weeks leave per annum.
- \* Education allowances for children.
- \* Hard salary verifiable under current regulations.

Applicants should write with full personal and career details, and quoting reference FT, to:



Recruitment & Administration Manager,  
Zimco Services Limited, Zimco House,  
129-139 Finsbury Pavement,  
London EC2A 1NA.



## Young Chartered Accountant Central London c. £8,000

Due to reorganisation our client, a large quoted property group, wishes to strengthen its financial management team by the appointment of an assistant to the Financial Controller. Candidates, aged 25+ should have a large professional firm background with experience of group audits and exposure to computerised systems. He/she will gradually become involved in all aspects of the finance function in order to deputise for the Financial Controller in his absence. In particular he/she will assist in the development of effective management reporting systems, group plus/budgets, the optimum utilisation of cash resources and the preparation and interpretation of accounts. A commercial awareness and the personality to communicate effectively with senior management is essential.

Applications to Miss Marion Williams

Reginald Welsh & Partners Limited.

Accountancy & Executive Recruitment Consultants  
123/4 Newgate Street, London EC1A 7AA Tel: 01-600 8357.

## Acquisition Investigations and Financial Management

Assistant to Group Chairman  
to £12,000pa + car

Our client is a young investment and management group specialising in companies requiring finance and new management to achieve turnaround situations. The Group is supported by City interest, and the Chairman, who is a major shareholder and driving force behind the Group, wishes to recruit a young accountant as a prospective Board colleague, to be involved in the investigation and assessment of companies for prospective purchase, and in executive financial management within the Group. Candidates, aged 28-35, will be qualified accountants, preferably with a degree and experience in industry since qualifying including, ideally, investigation of takeover situations. Location is flexible and removal may not be necessary.

Apply in confidence, quoting ref. C.79, to ERP International Recruitment Limited, Clemece House, St Werburgh Street, Chester CH1 2DY. Telephone 0244-277886 (Answers after 5 pm.)

Offices in London, Chester, Jeddah, Amsterdam, Brussels, Milan, Paris



## COMMERCIAL DIRECTOR

£10,000 p.a.  
plus excellent fringe benefits

We have a new appointment vacant for a Commercial Director for a company manufacturing equipment for the Aircraft Industry. The company is part of a successful quoted Group run by professional managers. The Director will be responsible for setting and maintaining the policies on which sales and purchases are made worldwide. He/she will control the accounting, pricing and contracts departments and must be able to deal with the job real knowledge, skill and imaginative leadership to suit a business well placed for growth, bigger plans and better cash flow. He/she will probably be aged between 34-45, fully qualified in accountancy or law, and a formal business school qualification will be an asset. The job location is desirable. He/she will be well placed for further advancement in the Group, probably in the first instance by deputising for the Managing Director of the company. Please reply in strict confidence with full C.V. and stating relevant achievements to:

Deputy Chairman, Box A6283  
Financial Times, 10 Cannon Street, EC4P 4BY.

## JOSEPH SEBAG & CO.

wishes to expand further its institution  
service in

## CONVERTIBLE STCCIS

This appointment will be of interest to an individual with initiative and a proven record. The basis of remuneration will be open to negotiation and will be substantial to the person.

Please reply in confidence, enclosing a brief C.V. to R.1500.

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Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to:

J. G. Cameron, The Executive Selection Division - CF306,  
Coopers & Lybrand Associates Ltd., Management Consultants,  
Shelley House, Noble Street, London, EC2V 7DQ.

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Candidates should have had the necessary experience at top management level in a similar type of company, which will have included negotiating with suppliers, importers, banks and credit insurance agencies.

An appropriate five-figure salary will be offered, plus car and other benefits. The position is based in London and because of the nature of the business, a certain amount of overseas travel will be required.

Replies containing comprehensive career details, and quoting reference J25FT, will be forwarded direct to our client. Covering letters addressed to the Security Manager listing companies to whom your application should not be passed will be intercepted and your instructions noted.

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Applicants (male or female) should be qualified accountants, aged 30-45, Stock Exchange experience preferred.

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The successful candidate is likely to be a Chartered or Certified Accountant, aged 35-50, who can demonstrate achievement as a senior executive in a U.S.-based multinational company.

Please write in confidence, enclosing full but concise details of your career and salary progression to date, to Paul L. Goodman, Ref: 7857.



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With excellent knowledge of French speaking Africa and Europe seeks appointment with international (UK based) company. Write Box A.6285, Financial Times, 10, Cannon Street, EC4P 4BY.



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## SHIPPING U.K. drive plan for big gas tankers

IF ALL GOES well, an idea which was translated into a large piece of hardware in the U.K. some seven years ago, may find application in one of the most ambitious projects so far conceived to help meet the world's energy shortage.

The idea was to make use of the properties of certain metals which lose all resistance to electric current when their temperature is reduced to a few degrees above absolute zero by plunging them into liquid helium. When they thus become superconducting, their ability to carry heavy current increases very sharply and it follows that electrical machines built up on the basis of windings kept in a semiconducting state will be much more powerful within given physical dimensions than conventional units.

International Research and Development, a world-wide consortium working through their development of equipment for the Royal Navy in 1963. They built the world's first superconducting d.c. motor in 1966 and with the help of NRC and C.A. Parsons, went on to construct a 3,250 hp electric motor of the same type which was delivered to the CEBG for evaluation at Fawley in 1971.

Since then, enough experience has been gained, especially on the side of the liquid helium/helium gas circuit and the design and operation of compressors needed to achieve liquefaction reliably over long periods, to enable IRD to offer a service for the construction of d.c. superconducting motors of at least the above size for industry.

This British organisation is now still something like five years ahead of known developments elsewhere and will be making advantage of its lead to put forward its abilities as a contractor to an ambitious Canadian project for the transport of natural gas from the vast fields recently found around Melville Island in the far north of Canada.

The two options open to the Canadians are to build a pipeline, or build liquid gas tankers. The pipeline idea may not materialise because the line

would have to cross a number of islands to get to the mainland—and it is already difficult enough to lay and operate such a facility in extreme climate and remote country, as is being experienced on the other side of North America.

The LNG tanker solution also poses a problem in that to make economic sense, the vessels will have to operate all round the year and thus be built as if they were very large icebreakers.

Propulsion of such big vessels would need something like 40 MW of power and IRD representatives are going to Canada next month to argue that only d.c. superconducting motors are likely to meet the "instant" power needs of such vessels when they are actually breaking through ice floes several feet thick.

The requirement is for very high torque at very low speeds and the proposal would involve three big d.c. motors to drive the propellers, themselves driven from gas turbine units burning the boil-off from the methane tanks.

Dr. Appleton, who will be travelling to Canada with managing director R. Robson, does not think there is too big a quantum jump from the Fawley motor to those that would be needed on the tanker. The Fawley unit is about 3m in diameter while the tanker units would be of the order of 4m.

Meanwhile, the group has not neglected a motor design and has been pursuing development with an ultimate target of a 1300-MW machine. At the moment, work is in progress on a rotor for a 60 to 100-MW generator and in 1979, a decision will be made whether to go to build a prototype rotor followed by the whole generator.

The next step would be in the hands of the CEBG, which is providing part of the research support, since it would involve a decision on the big machine in the late 1980s. On the d.c. side, it is known that the U.K. has a clear lead in a.c. machines, with the recent go-ahead for the construction of comparatively large hardware in the U.S. the lead is slipping.

More from IRD, Fawley, Newcastle-on-Tyne NE6 2YD. 0652 650467.



This equipment has been devised by Tamplin Engineering, of Stratham, Chichester, Sussex, for unloading free-flowing non-abrasive materials from ISO containers. It is intended for use with containers which have polythene liners and rear gravity discharge chutes. The material flows into the unit via the triangular hopper seen in front of the operator and the material is blown through the hose seen on the ground on the left to the receiving silo. As can be seen, the equipment has been designed to operate from a Land-Rover which is equipped with a Helmes blower mounted under the floor and driven by the gearbox power take-off. A secondary use for this equipment is as a standby unit for a fleet of pneumatic discharge vehicles. It could, go out to any vehicle which had mechanical problems with its blower and discharge its contents.

## WELDING U.S. bridge problems

FOLLOWING THE discovery last year of cracks in the electroslag welds on the main girders of a bridge in Pittsburgh, U.S., the Federal Transport Commission has banned the use of this process in bridge building.

Remedial work—bolting on strengthening plates—is being undertaken on bridges where cracks have been discovered; at an estimated cost so far of several million dollars, and the final cost is likely to be much higher.

Concern has been expressed in engineering circles that because of the American air transport authorities in other countries may decide to impose a similar ban, although in the opinion of many engineers this would be totally unjustified, and would considerably increase the cost of bridge building.

Part of the problem is because, unlike most other developed countries, the U.S. does not have a stringent toughness specification for its bridge steels, despite the climatic extremes and earthquake hazards encountered there. To ensure that no similar failure can occur in the EEC countries, a continuing programme of investigations into steel specifications, fitness for purpose, and the electroslag welding process is being carried out.

Supported by 20 European industrial sponsors, a £150,000 three-year research programme is now entering its final year. Work is being carried out at the Welding Institute, Cambridge, and at the universities of Aachen and Ghent.

Aim of the work is to gain further insight into the fracture performance of electroslag welds, and a better understanding of the fracture mechanics process, using the latest fracture toughness testing techniques.

Bridges in the U.K. are unlikely to suffer problems similar to those encountered in the U.S. because of this country's stringent bridge specifications (for example, BS 4360), and because U.K. designers have much greater experience of the electroslag process.

Details of recent work in this field from the Welding Institute, Abington Hall, Cambridge CB1 3AL. (0223 591182).

## Learning about lasers

A ONE-DAY seminar on the industrial use of electron beam welders and lasers is being held on May 23 by Westgate Engineers at St. Ives, near Huntingdon, Cambs. Dr. R. Weck, past director-general of the Welding Institute, will be in the chair.

Latest equipment, developments and applications of welders and lasers will be reviewed. There will also be an opportunity to see machines in action. The seminar will be of interest to production managers engaged in cutting and welding fabrications, and to design engineers who want to learn more about the latest joining techniques.

Seminar material will be issued to all delegates. Lunch and refreshments will be provided. Fee will be £50—details on 0480 63884.

## HANDLING Slewing jib cranes

A METRIC range of slewing jib cranes has been introduced by Herbert Morris, a Davy International company. It is intended for use in workshops, factories, garages and foundries, etc. for machine loading, maintenance, storage, and assembly.

Both wall-mounted and pillar types with either hand or electric hoists are provided in capacities from 250 kg to 3 tonnes. Working radius is up to 6 metres and standard heights to the underside of the jib up to 4.5 metres. Jibs with larger capacities, radius and height can be produced.

Three pillar types are available, covering light, medium and heavy duty. Slewing arc of up to 450 degrees can be provided as standard for electrical hoisting cranes. Continuous slewing can be provided for hand cranes or for electric cranes by fitting slip rings. There are also three wall-mounted types, constructed so as to give a maximum slewing arc of 180 degrees.

More from the maker at PO Box 7, North Road, Loughborough, Leics, LE11 1RL (0509 63123).

## PROCESSES Powder route for tubes

FIRST powder metallurgy tube plant in the world is to be built by Granges Nyby at Torshälla in Sweden and should be in operation by 1980. In the meantime, the company is negotiating with several companies outside Sweden for the licensing of the manufacturing process, it has developed.

Major attraction of this process is that it offers a 60 per cent reduction in the energy needed to make stainless and high alloy seamless steel tube, the company developers assert, while resulting in higher yields of a product which has better metallurgical and frequently improved physical and mechanical properties. These claims are based on protracted work on the project with a number of domestic research institutes and on the results of operating a pilot plant.

Nyby's approach to manufacture is first to pour molten steel into an argon-filled tower some 40 feet high, blasting the stream of liquid metal with a powerful jet of inert gas and turning it into tiny particles which collect at the bottom of the tower as a fine powder. This is compacted into moulds which are then subjected to isostatic pressing at 400 MPa, or about 4,000 atmospheres. This compresses the powder to around 85 per cent theoretical density.

The powder billet is heated and extruded to tube in a semi-finished state, providing a product with very high material uniformity, reduced segregation of alloying materials, and less variation in hardness. Not all the equipment that is needed in the conventional method of tube making would become obsolete where the process developed by Nyby was introduced, since the new stages are at the start of the process with atomising and compacting. But there is growing emphasis on high quality of this sector of the industry and the new process offers a means of attaining this while cutting cost in the very sensitive area of energy demand.

Further details from Nyby Stainless, Lostock Industrial Estate West, Bolton, Lancs. BL6 4RG. 0204 692427.

## Plastics foam plant

ANY COMPANY which uses 800 tons or more a year of expendable polystyrene for packaging or insulation products—would probably find it profitable to make their own polystyrene, according to the Norwegian company, Sundt Plastic Industries AS.

This company has developed a process for making expandable polystyrene beads from liquid styrene monomer, which can substantially undercut purchase of the beads or the finished products from the usual suppliers. As a turnkey project from a greenfield site, a 1,000 ton/year plant would cost under £1m, and be ready in eight to 12 months. Costs are considerably less if some basic plant and buildings are already available. Total plant area is 250 square metres, and only three or four operators are needed for the automated batch process. Cycle time is around 18 hours.

This plant will produce expandable polystyrene at around £350 a ton, compared with the usual price of about £500 a ton. Sundt says average payback time for an installation is two to three years, and suggests that where a company may have excess capacity with such a plant, a joint venture with a nearby company would prove economically attractive. Because the product consists of about 90 per cent air, transport costs are generally prohibitive.

Bead size is adjustable from 0.3 to 0.5 mm. diameter, while the density of the expanded product can range from eight to 40 kg/cu metre. Sundt makes a full range of plant and equipment for expanding the bead, and moulding, shaping and cutting it to produce all the usual expanded polystyrene items, such as building insulating board, food trays, packaging granules and moulded box packs for fragile products.

It is understood that two U.K. companies have already expressed interest, and the first order is to be signed shortly. Details from Sundt Plastic Industries AS, 8010 Spjelkavik, Norway.

## METALWORKING Zinc diecasting project

PRIMARY AIMS of a new project to improve technological standards in zinc die-castings are to gain much wider use of better process control techniques, now available, and the adoption of new die design guidelines.

Taken together these will enable die-casting machines to be used much more efficiently, and will reduce significantly the time for "trial and error" modifications currently necessary to bring a new die into effective production, as well as encouraging material economy by helping

make thin wall zinc die-castings where appropriate, says the Zinc Development Association (ZDA). The project is financed partly by a grant of £220,000 from the Department of Industry (DMRB), together with contributions from the industry to a total in cash and kind of some £6.6m, to be spent over three years.

The work is to be carried out by the ZDA in collaboration with the BNL Metals Technology Centre. More from ZDA, 34 Berkeley Square, London W1X 8AJ. 01-499 8636.

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Combustion Engineering

## COMPUTING Pressure groups to close ranks

USER POWER is growing. This development has manifested itself in recent days by the proposal to form, on the one hand, the Institute of Data Processing Management (IDPMA) from the former DPMA and IDP, and on the other of the Conference of European Computer Users Associations (CECUA).

IDPMA has little hesitation in charting what it proposes to do... take over the role of the British Computer Society is one of the objectives suggested by some members who are largely involved in the proposed merger. But since the BCS covers such a huge area of international and national activities, the new organisation could find its tasks spread too widely and too thinly from the outset.

It is to be hoped that since IDPMA has always represented people with problems at the sharp end, that is, those faced with making equipment work once the supplier's installers have gone home, its demand for a better balance between the sales pitch and performance will be heard. At the same time, with IDP having a background of unrivalled expertise in creating the examination structure which should produce the expert staff modern machines require, a more powerful organisation to press its demands on the now largely ineffectual educational system in the U.K. could help to avert a number of disasters in key computer areas.

The merged organisations could put heavy pressure both on builders and on educators. When it comes to the European super-set of user associations, CECUA, it is hard to see where the area of influence starts and ends. One national group has hitherto succeeded in having sharp price increases proposed by its supplier suspended for at least six months and with so much current pressure on the manufacturers of the bigger machines from outside suppliers, who can provide ancillary equipment and software at lower prices, it is hard to avoid the conclusion that determined user pressure groups now can, far more than hitherto, make their voices heard on forthcoming supplier company equipment releases.

It is significant that the European conference has set as its primary objective "to interact with the European Commission on matters of interest to European users." The Commission certainly appears to need guidance, though it will take some time before the conference can make its presence felt.

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# AN EXTRACT FROM THE ANNUAL REPORT TO SHAREHOLDERS OF SAATCHI & SAATCHI COMPANY LIMITED.

1977 was the 7th successive record year for the Company - the Holding Company for Britain's largest quoted advertising agency business. The background to the increase in turnover and profit was an outstanding new business performance by our agencies - one of the best in the Company's history.

In our financial year, (Oct-Sept), figures from M.E.A.L. show that the Company as a whole was the fastest growing of Britain's top ten agency businesses.

Indeed, it was recently described by the Evening Standard as "the fastest growing agency in British advertising history."

This record of solid growth enabled the Company to become the only quoted Agency business which maintained its growth in earnings and its margins right through the 74/75 recession.

How was this track record achieved?

In essence, this performance has been made possible by one key factor - consistently

distinctive and successful creative work for our clients. Over the years this has resulted not only in winning more and more advertising awards, but also more and more business from existing clients.

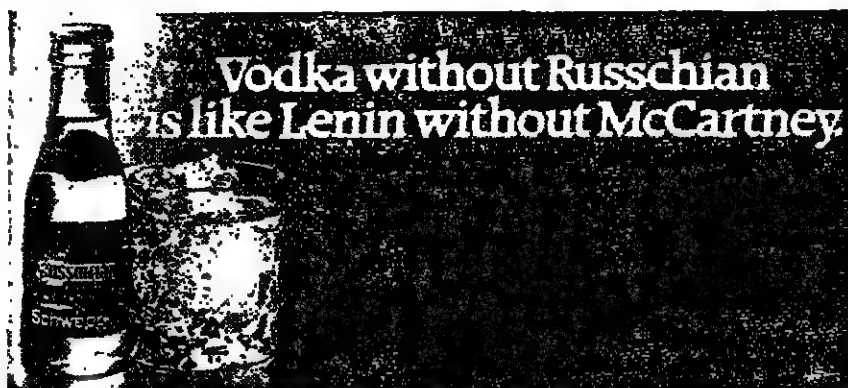
The agency is fortunate to work with a number of great companies, many of whom are predominant in their field. Much of our strength as a Company today stems from the benefit of growing with some of the world's most professional consumer goods

manufacturers; to the point where the Company has become a leading agency for many of Britain's leading advertisers.

Below are some of the new assignments gained in the year by Managing Director, Tim Bell, and his team at our main London agency, Saatchi & Saatchi Garland-Compton.

On the opposite page is a summary of the prospects for the advertising industry in 1978.

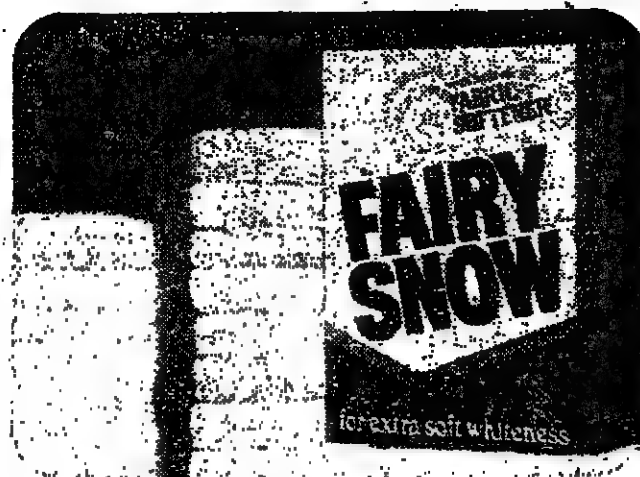
## SOME OF THE YEAR'S NEW ASSIGNMENTS:



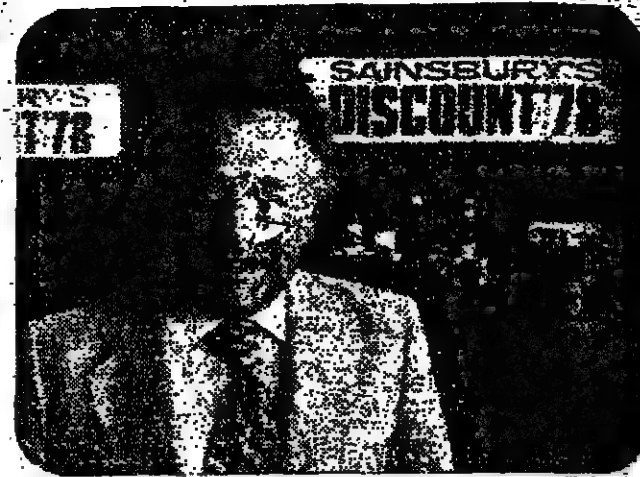
**SCHWEPPE'S: LAUNCH OF 'RUSSCHIAN'**  
The agency also handles Schweppes Tonic Water, Bitter Lemon, Slimline, Ginger Ale and other mixers.



**CENTRAL OFFICE OF INFORMATION:**  
Manpower Services Commission Youth Opportunities Programme.



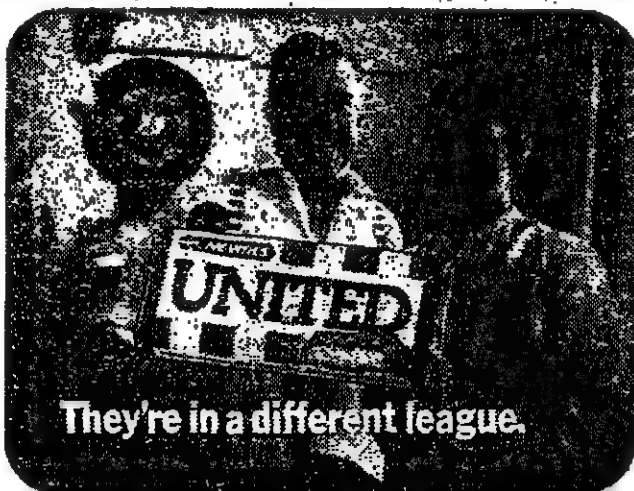
**PROCTER & GAMBLE: NEW PRODUCT**  
The agency also handles Fairy Toilet Soap, Fairy Household Soap, Fairy Snow (illustrated) and Head & Shoulders Shampoo.



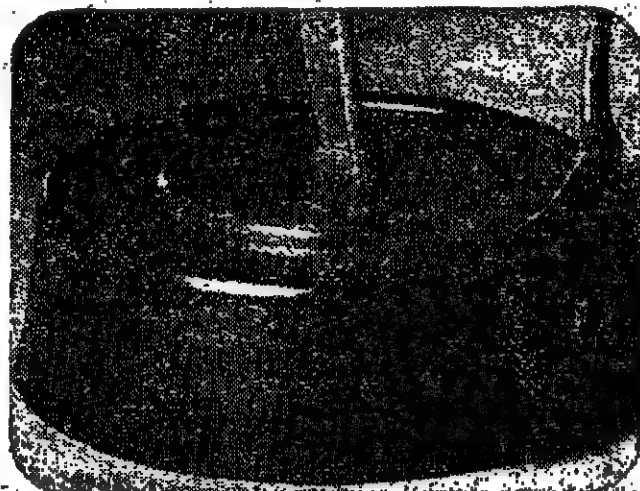
**SAINSBURY'S**



**BLACK & DECKER**



**UNITED BISCUITS: LAUNCH OF 'UNITED'**  
The agency also handles Penguin, Cheddars, TUC, Bandit, 3p Wafer, Savors, McVitie's Krackawheat, Crawford's Pennywise Range, and for the KP Foods Division Hula Hoops, Discos, Rancheros, Skips.

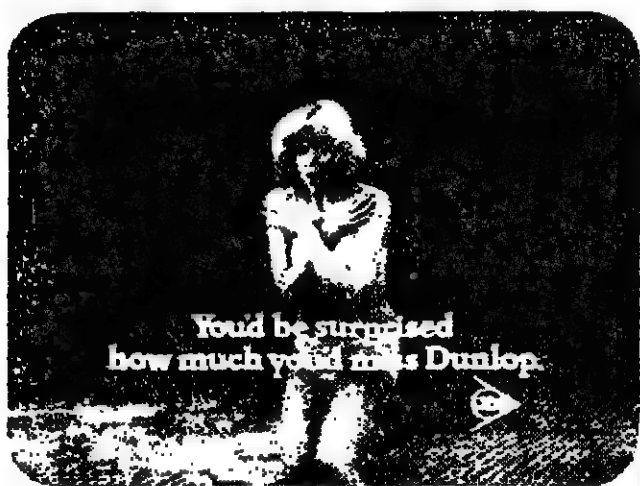


**ROWNTREE MACINTOSH: NEW PRODUCTS**  
The agency also handles Rowntree's Fruit Gums, Pastilles, Quality Street, Rolo (illustrated), Fox's Glacier Mints, Jelly Tots Range, Matchmakers, Good News, Texan.



**BRITISH RAIL: AWAYDAY**

## SOME OF THE YEAR'S AWARDS AND COMMENDATIONS:



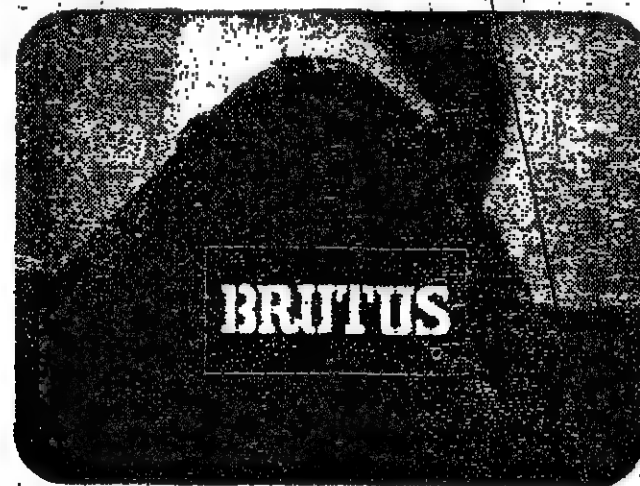
**DUNLOP: CORPORATE**  
Gold Lion - Cannes Advertising Film Festival 1977  
Premier Award - Cork Advertising Film Festival 1977



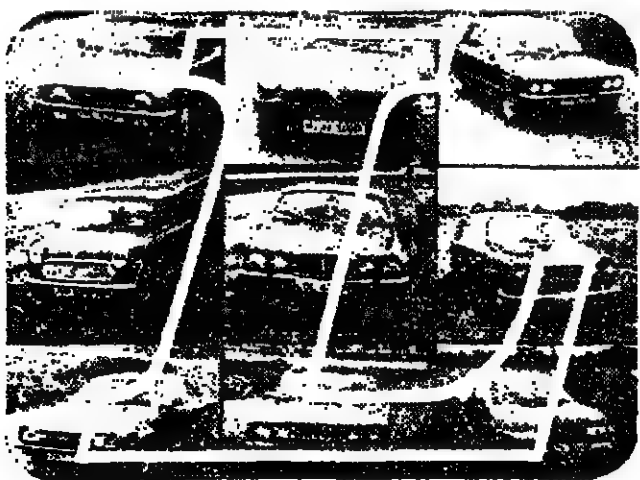
**HARP LAGER: KRONENBOURG**  
Silver Lion for the Campaign - Cannes Advertising Film Festival 1977



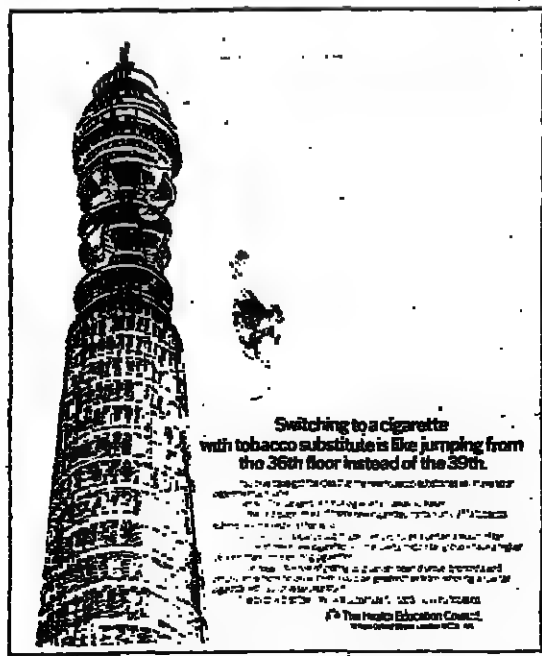
**UNITED BISCUITS: PENGUIN**  
Diploma - London T.V. Advertising Awards 1977



**BRUTUS JEANS**  
Silver Award for Photography - D.A.D.A. 1977  
Silver Award for Use of Music - D.A.D.A. 1977  
Honour - Creative Circle 1977  
Silver Award - London T.V. Advertising Awards 1977



**BRITISH LEYLAND**  
Commendation - Rank Cinema Advertising Awards 1977



**HEALTH EDUCATION COUNCIL**  
Selected for Advertising Age "Best British Ads" 1977



**ANCHOR BUTTER**  
Honour - Creative Circle 1977  
Diploma - London T.V. Advertising Awards 1977



**CADBURY SCHWEPPE'S: 'STRAIGHT' SCHWEPPE'S TONIC**  
Commendation - Cannes Advertising Film Awards 1977

## OTHER RECENT AWARDS AND COMMENDATIONS:

GOLD AWARD FOR THE BEST RADIO COMMERCIAL - British Caledonian; Campaign Radio Awards 1976. AWARD FOR NEWSPAPER COLOUR ADVERTISING - Leyland Cars Dolomite; Campaign Press Awards 1977  
SILVER AWARD FOR THE BEST ENTERTAINMENT MEDIA COMMERCIAL - The Evening News; Campaign Radio Awards 1976. GOLD AWARD - The Health Education Council; Rank Cinema Advertising Awards 1976  
SILVER AWARD - Daily Mail; Institute of Marketing Poster Awards 1977. COMMENDATION - Evening News TV; Creative Circle 1977. COMMENDATION - Associated Newspapers' Weekend Magazine; Creative Circle 1977  
COMMENDATION - Evening News Posters; Creative Circle 1977. COMMENDATION - Leyland Cars MG; Creative Circle 1977. GOLD LION CINEMA - Health Education Council; Cannes Advertising Film Festival 1977  
COMMENDATION - Leyland Cars Dolomite; Creative Circle 1977. DIPLOMA - Smith & Nephew's Nivea; Cannes Advertising Film Festival 1977. DIPLOMA - United Biscuits KP Rancheros; Cannes Advertising Film Awards 1977  
COMMENDATION - United Biscuits Krackawheat; Cannes Advertising Film Festival 1977. DIPLOMA - Jaffa; London T.V. Advertising Awards 1977. BRONZE AWARD - Evening News; London T.V. Advertising Awards 1977  
SILVER AWARD FOR THE BEST ADVERTISING CAMPAIGN - Rank Wharfedale; Campaign Radio Awards 1977. SILVER AWARD FOR THE BEST RETAIL ADVERTISING - Sainsbury's; Campaign Radio Awards 1977



# The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

## Carmakers' flurry

BY MICHAEL THOMPSON-NOEL

**ANXIOUS TO REBUILD** its tired image, British Leyland embarked on a special 10,000 corporate campaign this weekend in bid to counter many exaggerated statements of a general lack of awareness of the company's strengths. The advertising is being handled by a barely known Anthony Dickson, chosen by Leyland chairman Michael Edwards on the strength of the agency's corporate work for the Chrysler group.

At the same time, arch rival Ford today launches a £300,000 campaign for its new Capri—the fourth new Ford has launched in the past 18 months.

The Leyland campaign will feature Freddie Laker and Raymond Barker. Jeff Smithers, managing director of Anthony Dickson Associates, said yesterday: "Leyland recognises that the only way to improve its public and corporate image is with an 'overhaul' in business performance."

"However, the image of the company has fallen to an unacceptably low level because of many exaggerated statements of a general lack of awareness of the company's strengths. As we shall be saying in our campaign, there is another side to the story."

The ads will seek to demonstrate the value of Leyland to Britain, emphasising that it is not only a major British-owned car manufacturer and stress how it backs British as an exporter and major employer.

Leyland Truck and Bus is

### CAR SALES TOP TEN

(January-December, 1977)

1) Ford Cortina	130,601
2) Ford Escort	103,389
3) Morris Marina	66,088
4) Leyland Mini	60,337
5) Austin Allegro	56,175
6) Vauxhall Chevette	51,763
7) Ford Capri	42,816
8) Vauxhall Cavalier	41,328
9) Ford Fiesta	40,934
10) Datsun Sunny	35,257

Source: Society of Motor Manufacturers and Traders

running a £130,000 Press campaign via McCormick Richards to promote the new Super G Cab being fitted to seven of its trucks.

● **ADVERTISING** of chicken handled through the British Poultry Meat Association has a doubled media budget for 1978, bringing total spending for the year to a record £1.5m. The 1978 budget for turkeys, handled through the British Turkey Federation, will also be at a record level of £700,000. The agency handling both campaigns is Ogilvy & Benson and Mather.

● **DOYLE DANE REYNOLDS** has been appointed to handle Scottish Breweries' Younger's Scotch Bitter only two months after resigning £300,000 worth of Allied Breweries' business.

Younger's Scotch, formerly sold in Scotland and Bowles & Co. nationally, though its main strength is in the North where it is increasing its sales and share. The 1978-79 budget is under discussion. DBB, which

in December resigned Allied's Ansell, Tetley and Ind Coope beers after disagreements over a new campaign for Ansell, says it was left with a group of highly specialised beer people who can now help with their new client's plans for expansion across the board.

● **CHARLES BARKER** has launched a new operation, Charles Barker Corporate Design and Communications, as a business communications consultancy. Clients already include Metal Box, BAT Industries and S. Pearson. A combined fee and commission income of £150,000 is expected this year.

● **BERGER'S FIRST** major campaign since it switched agencies from J. Walter Thompson to Allen, Brady and Marsh, began yesterday with the start of a three-week, £500,000 TV campaign aimed at boosting both Berger and its existing brands, Magico, Broke and Colortone.

● **OGILVY AND MATHER** have reported record earnings for the year ending December 31, 1977. Net profit increased 37.9 per cent to £10,670,000 (£3.58 per share) from £7,799,000 (£4.18 per share) in 1976. Fees and commission income for 1977 rose 34.7 per cent to £151.4m.

● **ADVERTISING** is gaining credibility, according to a new NOP Market Research survey: 34 per cent of the population now believe it does tell the truth, says NOP, compared with 24 per cent two years ago. But attitudes to fancy packaging remain hard: 88 per cent believe there is too much of it.

## Chemists perk

BY PHILIP KLEMMAN

**INDEPENDENT** chemists' shops are fighting for survival in the face of the remorseless advances of the multiples. After ten years in which the independents' number has declined from about 14,000 to around 5,500, it looks as if their future may be brighter.

Last year, although 250 of them went broke—one every working day—the number of closures was less than in 1976, and figures for November, 1977, showed that for the first time in years the number of new pharmacies opened was greater than the number of closures.

Among the factors helping the small man to stay in business are the growth of the co-operative pharmaceutical wholesaler Unichem, all of whose 3,300 shareholders are independent chemists, and its increasingly sophisticated and aggressive marketing policy.

This week-end sees the start of a promotional campaign by Unichem in which it will, for the first time, use national TV and radio advertising (through agency Beam Communications) to back a consumer competition. Entrants in this "Gastaway Prices" competition will be asked to match illustrations of five products—Colgate's toothpaste, Radox bath salts, Sunsil hair spray, Gold Cap baby food and Dr. White's Sanitary towels—with the names of their manufacturers.

First prize is a holiday for two in Tobago and other prizes include colour TV sets. The promotion is naturally being supported by the featured manufacturers, but the purpose of it is not so much to increase their sales as to give the independent chemist a bigger share of them.

The exercise follows the success of a similar though less costly promotion last autumn, when Press and posters were the only back-up media used. This month's effort has already been successful, even before it starts, in increasing the number of Unichem's shareholders and other customers.

To become a member one has to buy at least 600 £1 shares. These are interest-bearing: in 1976 the rate was 15 per cent, but the 1977 rate, not yet determined, will be lower. No member can own more than 1,000 shares, maximum soon to be raised to 5,000.

As well as the interest on their shares, Unichem members get a share of the company's profits in the form of a rebate on the amount of business they do with the wholesaler. In the financial year ended December 1976 £900,000 was distributed in this way out of profits of £2.1m. In

the year just ended profits are expected to be around £3m, on a turnover of £72m, which is 34 per cent greater than the 1976 turnover figure of £53m, and more than three times that of 1974.

So Unichem is doing well. But the history of the company, founded 40 years ago, is not one of trouble-free expansion. In 1971 in fact it reached the verge of bankruptcy. It was then that the present managing director, Peter Dodd, took over. He was appointed Dodd had arrived at Unichem two years previously as finance director, but after a



A smile from the Unichem commercial. The advertising is costing approximately £100,000.

## Halldoor of a secret advertising scandal

MEDIA WEIGHT TESTING

BY CALLAGHAN O'HERLIHY

**THE BRAND LEADERS** in the German and U.K. detergent markets have the same name, Persil, but these Persils differ in many ways: product formulation, ownership (Henkel and Unilever) and advertising media policy. In the U.K., Persil is almost entirely advertised on TV. In Germany, Persil is advertised on TV, in illustrated magazines and on radio and posters with less than half the total expenditure going on TV. Which media policy is more sales effective?

In my experience with U.K. and German advertised brands, decisions on media allocation policy tend to be largely based on historical circumstances. What was done in the past tends to be repeated, and the consequence of repeating the past normally generates complacency about such a question. However, the answer to such a question is not a matter of trying alternative media allocations and the evaluation of these different policies on sales. This is, of course, a difficult task, and leads us to consider the results of such experimentation on advertising questions; it also leads us to the halldoor of the secret scandal of advertising, marketing, and media weight testing.

Media weight tests are run by most companies to appraise how much should be spent on advertising. What happens, typically, is that one TV region has bursts of advertising at, say, 50 per cent more than the national norm and sometimes, though this is less typical, another region is down-weighted by 50 per cent. After a year the data is analysed. Percentage changes in brand sales or market share are calculated for the year of the test compared with the previous non-test year.

Let me quote Cirkindale and Kennedy from An Appraisal of Media Weight Tests who say that "Within the body of experience of sponsor companies only about one in 20 media weight tests have produced conclusions." (The major U.K. advertisers sponsor the authors to conduct research into advertising at Cranfield). Can it be possible? A 5 per cent success rate?

It could be argued that I am being unfair to current media weight testing because the problem of measurement is decidedly complex, but its scientific treatment is not in any sense extraordinary. And scientific treatment has not normally been tried.

What is wrong with current media weight testing? A 5 per

cent success rate suggests that, own the brands in each current test procedure is extremely bad. This arises from several factors of which the main one is that the influence of all other factors on brand sales are assumed to have the same effect in each region. No attempt is made to measure the sales effects of other factors influencing brand sales, such as price activity, distribution charges and so on for all brands in the market. (They are often off-take by 30 per cent, not integrated into the evaluation).

For normal competitive markets, variation in brand prices (due to promotional motives going directly via coupons and flashbacks, or indirectly by means of in-store promotions, bonus and so on, to consumers) is the major cause of variation in brand sales. My company has measured brand price elasticities in many markets and some range up to seven! (A price elasticity of 3.5 would indicate that a 10 per cent consumer price cut achieved in-store would increase consumer off-take by 38 per cent, approximately).

The average for brands in competitive markets in our experience is about 3.5. Consequently, if price movements of the brand (relative to the market) should vary between regions from year to year, which is certainly our experience, it will be no surprise that the effect of such price variation on sales will be large. Similarly, with the effect of other factors. Obviously a successful media weight testing procedure must take the sales effects of such other factors directly into account so that the influence of advertising weight variation on sales can be isolated. This requirement is fundamental.

There are other defects in current practice, both of a technical and conceptual nature, but this article is not the place to explore them. In the U.K. at the moment to our knowledge four brands (with large advertising budgets) are undergoing carefully prepared media scheduling tests. At least three TV regions in each case will use the new media schedule which is predicted to be more sales effective. An economic analysis at the end of the year will be able to separate out the influence of advertising policies from price and other factors.

Different companies, incident-

## Opposition to Brussels

**THERE WERE SOME** swift reactions in London yesterday to the news from Brussels that under EEC Commission proposals, European courts will be given powers to ban misleading or unfair advertising and demand publication of corrections—even before the matter has been proved in court.

The Commission has sent a draft directive to the Council of Ministers for approval. According to what existing European laws would be harmonised and, in some cases, strengthened.

Roger Underhill, director-general of the Advertising Association, assumed that the latest EEC proposals did not differ significantly from those published last year. "The central difficulty is that the EEC is trying to solve advertising problems by law while

we solve them very satisfactorily by legislation and voluntarily. If the proposals go through as they are, we would be forced into contesting what the German system, which is the basis of the system, is. The U.K. system is cheap and effective and fast and flexible, so the EEC rules would be retrograde. The EEC should be working towards harmonisation of objectives but flexibility of methods."

Gilbert Lamb, director of the Incorporated Society of British Advertisers, said he could not comment on the proposals until he had seen them.

"But if they are like the draft which we have seen, we will leave no stone unturned to have them amended. They are not in the interest of the consumer. We don't believe that the act of systems that exist in the Continent are as effective

as the control of misleading advertising as the systems which exist in Britain.

"The EEC proposals seem to suggest that the voluntary system can exist side by side with recourse to law, but advertisers would not pay for the voluntary system as they do now in the U.K. If they could be clothed by the law afterwards, ISBA and the other bodies will be lobbying the U.K. members of the European Parliament and the Economic and Social Committee to put our points of view."

Comparative advertising would be allowed, according to the draft directive, providing it was based on verifiable details, was not misleading and did not injure the commercial reputation of companies or individuals by employing false statements.

the firm picture emerging at the top of British advertising. The profile of the top ten agencies in this decade reveals an industry continuously dominated by virtually the same companies.

**How has this come about?**

**a) Longer relationships**

A glance at the client list of Britain's largest agency J. Walter Thompson, reveals that giants like Lever Brothers, Rowntree Mackintosh and Kellogg have been with that agency for 51, 47 and 40 years respectively. In fact, one recent calculation showed that on average, accounts worth only 24% of total advertising expenditure change agencies each year.

Furthermore, the increasing internationalisation of advertising accounts, whereby agency networks handle clients across a number of world markets, has added to the stability of the top agencies. In our own case our Agency's association with Compton Inc. gives us links with one of the strongest agency networks, with offices in every major marketing centre of the world.

These stable relationships have meant increasingly secure and stable agencies at the top of British advertising.

**b) More professional.**

It often used to be said that advertising agencies operated in their own world—a world of perpetual flux and change, a world built on the shifting sands of personal relationships with clients, into which the cold blasts of modern management techniques rarely intruded.

series of frustrating arguments with the then managing director was on the point of leaving.

After a showdown Board meeting, Dodd was himself given the top managerial job (the chairman and seven others of the 12 Board members are retailers) and set to work to pull the company together.

New Unichem is probably the second biggest pharmaceutical wholesaler, after Vestrice, a subsidiary of Glaxo. (Sangara, which has a larger total turnover than Unichem, is in groceries as well as pharmaceuticals.) Unichem has benefited by expanding its network of regional centres, introducing a computerised ordering and invoicing system and helping its retail members with marketing and financial advice.

Last year's consumer promotion was a new departure. Dodd was delighted to learn that "on most of the promoted products we sold the equivalent of a year's normal turnover in one month." If his marketing can divert a few more people away from the multiples and into the shops he supplies, Unichem will continue to prosper along with its customers.

Why does this matter? It matters because a lack of prestige for the advertising industry goes hand in hand with a lack of prestige for the 'selling' function which in turn goes hand in hand with a general lack of marketing orientation and outlook.

And why does this matter? Because the perspective on events that advertising and marketing teaches could be an invaluable tool in the resolution of some of Britain's present economic ills.

This perspective means an orientation more towards the consumer, to the buyer and to the market; to identifying market opportunities, measuring them and seizing them with new products; to gearing up investment and production towards clearly defined market gaps; towards rationalisation of brand and product lines and to concentration on products which have a real selling story, a real 'positioning'.

All of these benefits can be derived from this perspective and they will all be lacking in an economy where marketing lacks real status in top industry and government circles.

For the fact is that the marketing and advertising function should be central to the growth of a free enterprise mixed-economy in Britain.

This is so because the essence of any vigorous free enterprise system is a supply and demand mechanism whereby manufacturers, impelled by their own self-interest, produce and promote better and better goods for the consumer, and hence a better and better standard of living for society as a whole.

The more sophisticated manufacturers, whose business is already built on these sound marketing principles, do indeed strive to better identify and measure consumer demand, and to produce better products to meet that demand.

They do indeed try to make those products contain real consumer benefits; and they do invest in research to create those benefits and, indeed to create them at the lowest possible cost.

It should be stressed that they do this in their own self-interest—in order to earn the highest possible level of profit so that they can reinvest those profits in the next generation of new products—and so the cycle goes on.

The advertising industry is at the core of this process—helping to create the products that create the profits that create the fuel for an expanding economy.

All of this activity, propelled by self-interest, and the workings of Adam Smith's 'Invisible Hand', comes together to produce greater and greater wealth for society as a whole.

If you would like to read more about how the advertising industry benefits the economy in this way, or if you would like a copy of our full Shareholders Report please write to the Secretary at 80, Charlotte Street, London W1A 1AQ.

Many new categories of advertiser have emerged—records, films, motors, financial and many others. Indeed, advertising activity is now spread across many different industries, and any large agency which has a good spread of business avoids the danger of exposure to too narrow a spectrum of industries in this way. This ever-widening spread of categories of advertiser has over the years made a broader and therefore more stable base for Britain's largest agencies.

**3. The Future.**

But although the growth and expenditure prospects seem good, the industry's most fundamental problem still awaits a solution. For within much of British industry it seems that the advertising business has achieved a position of much glamour, but little real influence.

It is inconceivable that it would be said of Britain's advertising industry, as it recently was of Japan's, that it is now "enjoying unprecedented prestige and influence". Or that it could be said of any British advertising agency, as it was of Japan's largest agency, Dentsu, that "there is no doubt that the prestige and influence of the advertising industry is largely due to the contribution Dentsu makes to the economy and to society".

In Britain, there is hardly one marketing professional whose advice is seriously sought by government in economic affairs; hardly one marketing voice in a significant position in the planning of our industrial strategy; even today, there are many leaders of industry for whom advertising and marketing are still not 'second nature'.

## PROSPECTS FOR THE ADVERTISING INDUSTRY.

### 1. Outlook for Advertising Expenditure.

In recent years, the trend of industrial profits has provided a good lead indicator of the level of advertising spending. Hence the strong upturn in profits after the first half of 1975 has been reflected in buoyant real advertising expenditure (taking 'real' as a larger increase in spending than in consumer prices).

FIG. 1

Per Cent Change	1976 Actual	1977 Actual	1977 Forecast
TV ADVERTISING	+9	+21	+16
CONSUMER PRICES	+2	+5	+11
INDUSTRIAL PROFITS	+1	+11	+13

Source: Philip & Drew

Most observers are now forecasting little or no growth in profits in 1978. On past evidence, this would in turn raise doubts about the extent of any further growth in real advertising expenditure in 1978.

This may, however, be too cautious a view. The figures below, which are estimates by brokers Phillips & Drew, suggest that the substantial profits upturn of 1976 owed a great deal to higher profits on exports and from overseas subsidiaries. These two sources together accounted for over half of total company profits in 1976.

FIG. 2

Per Cent Change	1976 Actual	1977 Forecast	1978 Forecast
OVERSEAS PROFITS (100)	+41	+16	+10
OF WHICH EUROPE (40)	+25	+22	+16 20
EXPORTS (20)	+68	+10	+30
OVERSEAS AD (100)	+55	+15	+10 15

Source: Philip & Drew

In the current year, continued buoyancy in profits on domestic business has been partly offset by a marked slowdown in profits from overseas subsidiaries, reflecting a deterioration in most world economies together with the adverse effect of the recent recovery in sterling. As Phillips & Drew point out, the forecast of only 10% overall growth in industrial profits in 1978 conceals a likely 13-20% rise in domestic profits, a pronounced fall in export profits in the wake of sterling's recovery, and some resumption in overseas profits growth.

It seems logical that profits on domestic business should be the major determinant of advertising expenditure. On this basis, a further increase in advertising spending seems likely in 1978—particularly as consumer spending, which has in the past provided a useful secondary guide to the strength of an advertising upturn, should show a marked recovery in 1978 after three depressed years. Overall, therefore, a tentative forecast of a 13-15% increase in advertising expenditure in 1978 seems reasonable. This would represent growth some 4-6 points faster than that of consumer prices in general—another year of real growth.

### 2. Stability... or Volatility?

We said in our last Report that the old idea of the fickle client shifting massive billings from agency to agency was becoming less and less relevant to

the firm picture emerging at the top of British advertising. The profile of the top ten agencies in this decade reveals an industry continuously dominated by virtually the same companies.

### How has this come about?

**a) Longer relationships**

A glance at the client list of Britain's largest agency J. Walter Thompson, reveals that giants like Lever Brothers, Rowntree Mackintosh and Kellogg have been with that agency for 51, 47 and 40 years respectively. In fact, one recent calculation showed that on average, accounts worth only 24% of total advertising expenditure change agencies each year.

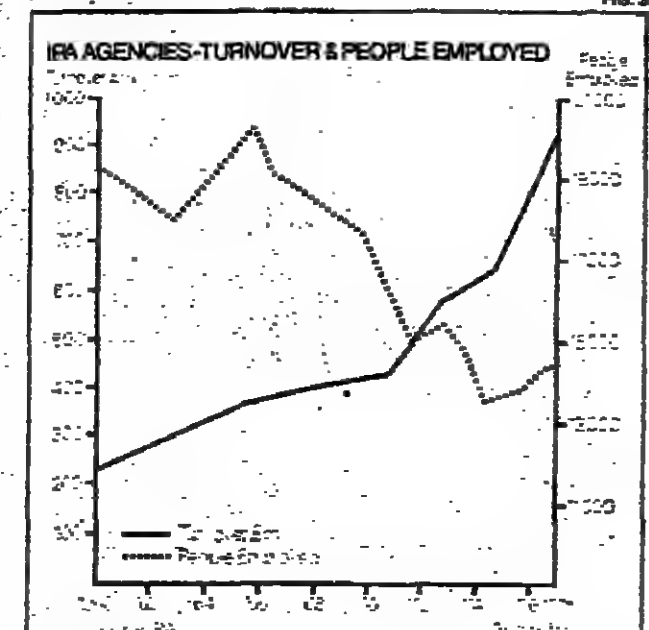
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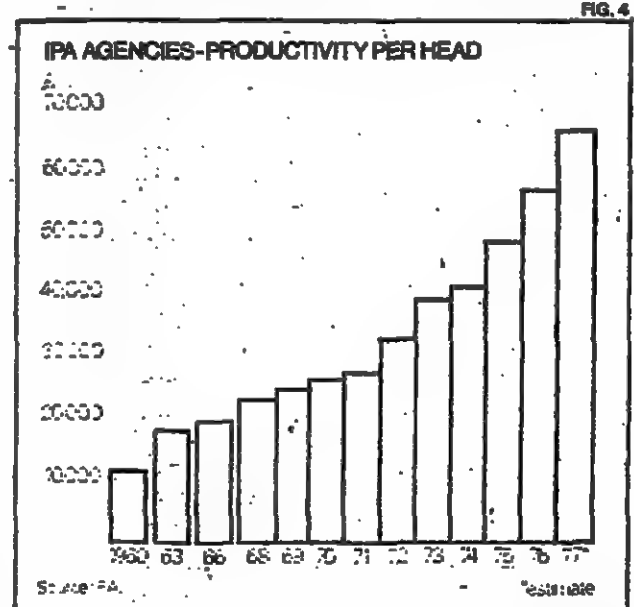
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The truth is that the 'Gin & Tonic' adman, the client who regarded his advertising as an entertaining pastime—all of Britain's largest agencies left these cliché characters behind them long ago in the expansive days of the '50s and '60s. The less agreeable economic climate of the last decade has seen a dramatic and substantial improvement in business management in the industry. A new generation of professional managers has emerged at the top of Britain's major agencies, and Figures 3 & 4 illustrate the continuing trend to greater productivity that has resulted.

### c) More broadly based.

As more and more sectors of the economy have come to see advertising as a major force in their business, this has meant that large agencies have become more and more broadly spread in terms of their sources of income, and increasingly less dependent on any one sector of the economy. For example, it is no longer the case that detergent and food manufacturers dominate TV advertising.



Many new categories of advertiser have emerged—records, films, motors, financial and many others. Indeed, advertising activity is now spread across many different industries, and any large agency which has a good spread of business avoids the danger of exposure to too narrow a spectrum of industries in this way. This ever-widening spread of categories of advertiser has over the years made a broader and therefore more stable base for Britain's largest agencies.

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SAATCHI & SAATCHI COMPANY LTD.







# Richard II

by B. A. YOUNG

By general consent, Richard II is among the most poetical of Shakespeare's plays, and OUDS, their production under Ross, have found themselves poetic Richard in Tim Innery and some musical jokers in smaller parts—Charles Morris as Bagot, Carlos Colquhoun as the Duchess of Gloucester, and Charles MacKenzie as the Duke of York. But this is not a poetic production. It is given on a multiple set designed by Chris Naylor. Steel scaffolding supports small stages at different levels that provide a potent acting area. It is ugly but looks practical, though it turns out not to be. The scaffolding separates the scenes, sometimes by as long as a solid 15-minute (the production is three-and-a-half hours), whereas if Mr. Cooper had overtopped the events of the action, the different stages he could have had virtually continuous acting.

There are some other misalliances too. At the start, Richard's throne stands in the middle of the highest balcony, under a golden sun gleaming over the black cyclorama. Poetically, this should later stand for the walls of Flint Castle ("See, King Richard doth himself appear/As doth the blushing discontented sun"). But one of the few things that is used for the king's descent to the base court is lost. The same stage is also Richard's cell at Pomfret, where he is more effectively have been located lower down—perhaps, if the light levels allowed, among the scaffolding tubes, looking up the main balcony, Richard's murder cannot be properly seen; and when Exton presents the fatal coffin to King Henry from the same spot, the coffin is out of sight.

Mr. McNamara plays Act One with an oblique of courtly giggles. Is this "God's substitute," as John of Gaunt holds, or "the deputy elected by the Lord," as he believes himself? Would he really fondle his wife at his uncle's deathbed, or go to war in a multi-coloured jerkin with sleeves trailing to his ankles? From his return from Ireland onwards, however, he learns to know himself, and says his showpieces well.

Nigel Lavalant plays Bolingbroke quietly, sometimes indeed hard to hear (though not as hard as Huw Rowland, the rug-headed Ammer, almost inaudible from Row F). Yet he has authority, even dignity. He allows himself to turn his back on the king after his banishment, which might have cost him his head, and Mowbray (Neal Sweetnam) commits the same betide. That fatal challenge might have been more brusquely settled if the king had noticed.

Rob Collins as York is another who has authority, a quality that cannot be confused from authoritative lines. Peter Ainsworth's John of Gaunt lacks it because he is content only to speak his lines without acting them; when he rhapsodizes over this earth, this realm, this England, he shows a belief in its music but not in its politics. Indeed acting is not much in evidence anywhere, there is little individuality, and there are too often groups of characters standing awkwardly about the stage, not even wondering what to do.



Viorica Cortez

## Bologna Opera Fedora

by WILLIAM WEAVER

The Teatro Comunale here has a reputation for courage. In 1871 it was the first opera house in Italy to present a work by Wagner (*Lohengrin*, in Italian translation). A few years later it gave Bolshoi's *War and Peace*. Three is breath-taking. The tenor Carlo Bini was simply not up to his assignment. His first aria, "Amor ti vieta," was subdued, unmusical, and a later part of his notes were shouted. A certain amount of loud singing in *Fedora* is permissible, but the singer has to be a Del Monaco or, at least, a Corelli. Carmen Lavanti was charming in the soubrette role of Olga, and the young baritone Leo Nuccioli, a friend of the opera, was a real promise. The smaller roles were also generally well-assigned (special applause to the bass Ferruccio Mazzoli, the Ciriello), and the pianist Vincenzo Morrales acquitted himself well as the wicked, mute Solesina.

Pier Luigi Pizzi was both designer and producer. In the former role he has long been much appreciated, and not only in Italy; as producer, he is just emerging (his *Namastere* at La Scala was reviewed here several weeks ago). He has, to begin with, the merit of unpretentiousness; he does not try to impose some dramatic notion of his own on the opera. For the most part, the principals in this *Fedora* moved naturally, choruses and dancers were tactfully handled in the second act ball. The costumes were all tasteful, appealing. Obviously designed with economy in mind, the sets were also handsome, especially the second act, where Pizzi managed to create an atmosphere of sumptuousness with a few simple props. The music, however, was a disappointment. Maurizio Arena, the conductor, kept things moving. His is a traditional, somewhat rough-and-ready approach to the score, but the performance had a welcome vitality, and the audience (including this reporter) loved it.

In the ground floor and upper tiers of the Comunale at present one can see the splendid exhibit entitled *Vicini di teatro* assembled earlier this season by Caterina d'Amico de Carvalho for the Teatro Municipale in Reggio Emilia. Almost a thousand documents—letters, manuscripts, photographs, sketches—trace Lucchino's sketchy career from the amateur productions on his father's private stage to the final, memorable adieu in Spoleto with *Memor Lescage*. While illustrating this career, the show indirectly portrays a whole epoch in the Italian theatre (opera included). The excellent catalogue, with its many drawings, bibliography, and other information, will remain an invaluable reference work.

## Festival Hall RPO/Masur

The concerto at the heart of the Royal Philharmonic Orchestra's concert on Tuesday (also broadcast live on Radio 3) was Rakhmaninov's Paganini Rhapsody, framed by Prokofiev's Classical Symphony and Brahms' First—a programme of almost suffocating routinism, but with the quiet direction of the conductor Kurt Masur, and by some splendid playing in the Rakhmaninov by the piano soloist Roger Woodward.

Orchestral attack, intonation and ensemble in the Prokofiev were of interest nonetheless for Masur's close attention to the subtle play of colour and inner voice—in every movement a canvas of detached, translucent, almost (if it were not so robustly served) fragile texture, a ripple of unusual contrasts and confrontations. Luminous dissection: an intriguing approach, somewhat frayed technically at its edges, but remarkably consistent, beautifully contained.

Roger Woodward's account of the Rakhmaninov was uneven but challenging, sustained with great force, lit with unstoppable energy. Here, too, a constant ebb and flow of colour, over the widest dynamic range; a for a total of 19 Sundays only.

## Record Review Women in Jazz

by KEVIN HENRIQUES

Jazz Women: A Feminist Retrospective, Vols. 1 and 2. Stan 109. The Port of Antir. Jessica Williams. Adelphi AD5003. Return to Carnegie. Cleo Laine. RCA PL 12407. More from the Last Concert. Modern Jazz Quartet. Atlantic ATL 60407. Buddy Rich Plays and Plays Buddy Rich and his band. RCA PL 12273. Blackpool Cool. Head. Head. HSLP 333333333C. Byahue. Keith Jarrett. ABC Impulse IMP 18052.

Sexual equality has never been a contentious issue in jazz. From the beginnings, when female pianists and singers belted out the blues to today, with album-making musicians like flutist Bobbi Humphrey and multi-keyboardist Carolee Ralston have taken their place on merit along side males who rarely, if ever, denigrate female musicians purely on account of their sex. Nevertheless it did warm my male-chauvinist-pig heart to read the following, from a 1938 *Downbeat* magazine:

Why is it that outside of a few female musicians the woman musician never was born capable of sending anyone further than the nearest exit? This sparkling—and regrettably anonymous—gem is reproduced in *Women in Jazz*, a valuable and revealing 24-page booklet by Frank Driggs recalling the early female jazz and swing artists. It is published to coincide with the Stash double-album devoted to women instrumentalists and singers.

Most of the 34 tracks are by pianists and/or singers—truth to tell there have been few first-rate trombonists, trumpetists or drummers among the ladies. So listen extra-expectedly to trumpeter Valaida Snow, backed by the Fletcher Henderson orchestra, on "St. Louis Blues" and is impressed with her strong tone, assurance and control. Trombonist Melba Liston, a member of Dizzy Gillespie's powerhouse big band of the mid-1950s, solos with undreamlike spirit on the Debussy composition "Joyeux Noël" and in a friendly battle of the sexes on "Anything you can do, I can do better" where Mary Osborne exchanges phrases with fellow guitarist Tal Farlow and Norma Carson pluckily takes on the humorist of the trumpet, Clark Terry.

The saxophones are vigorously represented by Viola Burdette, a tough-tongued, tenor player whose dazzling fast solo on "Sweet Georgia Brown" makes one lament her premature disappearance. More parochially, one of Britain's outstanding triumvirate of female saxists, Kathy Stuart, has been struck by Head (and his merry crew) in "Gee Baby" with the Humphrey Lyttelton band.



Cleo Laine

The many all-girl bands are not neglected with possibly the two best, the Melodians of the glamorous Ina Ray Hutton, with their precise section work, and the International Sweethearts of Rhythm, both represented. Among the pianists is Mary Lou Williams whose still active career dates back to the 1920s. She also contributes the album's sleeve-notes in which, commenting on the female's status in jazz, she simply states: "No musician ever refused to play with me. I was always accepted."

The period covered by the release is, 1925-57, so inevitably some of the tracks are scratchy. An equally comprehensive and varied but better sound-quality album could be compiled covering the years since 1957. One who would qualify for inclusion purely on the strength of her first LP is another keyboard specialist, Jessica Williams. On eleven tracks she shows herself an eclectic player. She embraces a lot of styles, a lot of feelings and approaches. This eclecticism comes out strongly on three short acoustic piano pieces on Side B where she plays with compression and ease. On the electronic keyboards she reveals a sly personality, possibly because of the thrumming bass/drums backing.

Style is something Cleo Laine has in large measure as she who were captivated by her London Palladium performances last November will agree. This style and sophistication has been achieved possibly to the detriment of her jazz roots—don't forget she began as a singer with the Johnny (as he then was) Dankworth Seven in the early 1950s. Return to Carnegie proves how far this enormously gifted singer has travelled since. Though now to show her start her basic jazz feeling is too deep ever to die as she shows with her glorious, wide-ranging voice and innate rhythmic feeling which is too often forgotten or not noticed. Her diverse material (Romberg, McNeil, Coward, Ellington) reflects the show biz rather than the jazz world but this is no crime. Trumpeter Clark Terry joins her for a couple of tracks to keep that jazz feeling going. For all tastes the album is totally joyful.

Accusations of femininity were sneeringly levelled at the music of the Modern Jazz Quartet during its life, spanning over 30 years. The gentle sounds of the four gentlemen were not considered as more neutral noises of the pop era in which they began playing together and were, paradoxically, so successful. A double-album of the quartet's farewell concert in 1974 has already been released. Now a second album has been written by Head (and his merry crew) selections including the famous variations on "God rest ye merry

gentlemen." As usual the play is elegant, immaculate, gentle and, at times, sleep-inducing. At the opposite end of the dynamic scale is drummer Buddy Rich, the galvanic, exuberant, drummer-leader of a band which he pilots with all the energy of a bounding unit but guitarist Lachlan MacColl must get individual mention for his exquisite acoustic solo on "Pauline," each note coming out in dry, mint condition.

Keith Jarrett is one of the contemporary lions of the piano whom comparative newcomers like Jessica Williams are listening to. At the moment, Jarrett's electronic keyboards, specialising in what he calls "acoustic music." He concentrates on exploring the possibilities of improvising via differing musical influences not always Western music. The density of this probing is felt in *Byahue*. His playing is so dense that it is some time before the startling realization hits one that he is a fantastically right-handed player. On "Rainbow" he takes this reluctance to an extreme. Yet on an unaccompanied reprise of the title track he plays with command that he convinces he does not need bass or drums. But as usual he does have Charles Haden on the former and Paul Motian on the latter and, as usual, both are spot-on in their contributions. Only David Redman on tenor seems superfluous.

## ENTERTAINMENT GUIDE

C.C.—These theatres accept certain credit cards by telephone or at the box office.

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Yvonne Bryce and Bill Fynn

Gramophone record awards 1977

Conductor Charles Mackerras by Neville Martin (Philips) received an award for the record of the year yesterday when the Gramophone magazine presented its 1977 record awards. Mackerras conducted the Vienna State Opera Chorus and Vienna Philharmonic Orchestra in Janacek's *Kata Kaban* and received the award on behalf of Decca.

Lady Harwood presented the awards which were given as follows: Shostakovich String Quartet by the Chamber Music Society (EMI); Mozart Piano Concerto No. 23 in E-flat major, Alfred Brendel and Academy of St. Martin-in-the-Fields conducted



## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3BY  
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Thursday March 2 1978

## Mrs Gandhi's challenge

MRS. Gandhi served notice at directly to the poorest and her Press conference in New Delhi yesterday that she is making another bid to return to power. She did not put it quite as bluntly as that. But her disclaimers after the first results of the state elections came through that she did not intend to try for the Premiership again can be put on the shelf. Her faction of the Congress party has absolute control in the two important southern states of Karnataka and Andhra Pradesh with the possibility of participating in a coalition in Maharashtra. Her next step must be to gather the official party under her wing. She has been helped in that by the appointment yesterday of Mr. S. N. Singh, formerly her Foreign Minister, as the new President of the Congress who could act as a go-between in any bargaining. She is thus potentially in a strong position to mount a challenge to the Janata government that came to power last March, opening the door to a new period of uncertainty in Indian politics.

## Abuses

The common feature between the March general election and the state elections at the weekend is that the voting went against the traditional pattern of caste, patronage and control over the machinery of government. Mrs. Gandhi was decisively rejected in the Hindi belt of the north in March in spite of the prestige of her family name and the immense power she held under the Emergency because of a popular surge of feeling against the high-handedness of her rule and the abuses of the sterilisation programme.

In the case of the state elections, most of the cards were stacked against her in Andhra Pradesh or Maharashtra because either the Janata party or the official wing of Congress held the levers of caste allegiance or political patronage. It was only in Karnataka that she had an edge in that her supporters controlled the state machinery. But the major factor in her success was her ability to speak

## A clear case of inconsistency

THE unsatisfactory manner in which successive governments have tended to conduct their relations with the nationalised industries is well illustrated by the latest report from the Commons select committee on nationalised industries which deals with the experiences of the British Waterways Board. This Board, unlike almost all other nationalised industries, has no conceivable chance of being able to generate sufficient income of its own to cover the cost of its activities and so is permanently dependent upon the receipt of government grants to carry out its statutory duties. But this is no reason why successive governments should fail to stick by the objectives that they have given to the industry, which is what the select committee says they have constantly done, first by denying it the necessary finance and secondly by creating an air of uncertainty by repeatedly reopening the question of whether it should retain independent status.

## More positive

The Waterways Board was set up in 1962 upon the break-up of the former British Transport Commission. Its task, as re-defined in 1968, is to maintain in a fit state of navigation the 340 miles of State-owned commercial or freight-carrying waterways and the 1,100 miles of cruising and recreational waterways and to deal with the remaining 600 miles in the "most economic manner possible" consistent "in the case of those it decides to retain—with the requirements of safety, public health and amenity. These duties represented a more positive attitude towards canals than the objectives originally given to the Board six years earlier. It was not surprising therefore that the Board should have told the Government in 1970 that, in its view, a major programme of work then estimated to cost some £21.8m, was required to overtake arrears of maintenance.

The Board received no response for four years when it was told that independent consultants would be appointed to study the maintenance question. The consultants confirmed the Board's views and up-dated the estimate of arrears to £37.6m (about £60m, at to-day's prices) of which £3m, (to-day £7m.) needed to be spent more or less straightaway in the interests of public safety. Their report was not published, however, until last November when the Government allocated £5m, for urgent maintenance involving public safety. In the meantime, some £600,000 had been provided for two schemes in response to pressure from local MPs: according to the committee, the Minister concerned, Mr. Denis Howell, who has charge of the Department of the Environment's responsibilities for water as well as sport, seemed wholly oblivious to the way in which this kind of intervention cuts across the respective roles of Minister and nationalised board.

## General problem

The main lesson is that governments should not commit a nationalised Board to a set of objectives they themselves are unlikely to be able to honour. Waterways may be a special case but the inconsistency it demonstrates is not untypical. It is a general problem and it is one which Ministers must squarely face in the forthcoming White Paper on government / nationalised industry relations.

## A bid to end the Atlantic air fares rat-race

By MICHAEL DONNE,  
 Aerospace Correspondent

EFFORTS to halt what some airline executives are now describing as a "suicidal rat-race" towards ever-cheaper North Atlantic air fares will be made at a meeting of U.S. and U.K. government officials in London on Monday.

They will also be trying to reverse the deteriorating civil aviation relations between the two countries, exacerbated this week by Braniff International's difficulties in getting its low-fares Atlantic service started.

The officials hope to obtain an agreement that, initially, will govern what fares the airlines can charge. The two countries will charge from April 1, knowing that whatever they can hammer out is likely to be adopted also by many other countries in Western Europe.

The Braniff affair—in which the U.S. Civil Aeronautics Board denied Braniff the right to start its proposed regular services between Dallas/Port Worth and Gatwick because its fares were too high—is seen as only one more indication of the increasingly complex problem of transatlantic fares. Braniff had originally proposed fares that were too low for the U.K. Government's taste. It was asked to raise them, and willingly did so to the U.K.'s satisfaction, only to have its own regulatory authority object, and stop its flights.

The U.K. Government does not believe that the U.S. Civil Aeronautics Board's threat of "retaliatory action" against British airlines will occur—and certainly not before Monday's discussions. It argues that the Anglo-U.S. Bermuda Two air agreement, signed last summer, provides adequate machinery for settling disputes of this kind without resort to tit-for-tat suspensions of services, which would only worsen the situation.

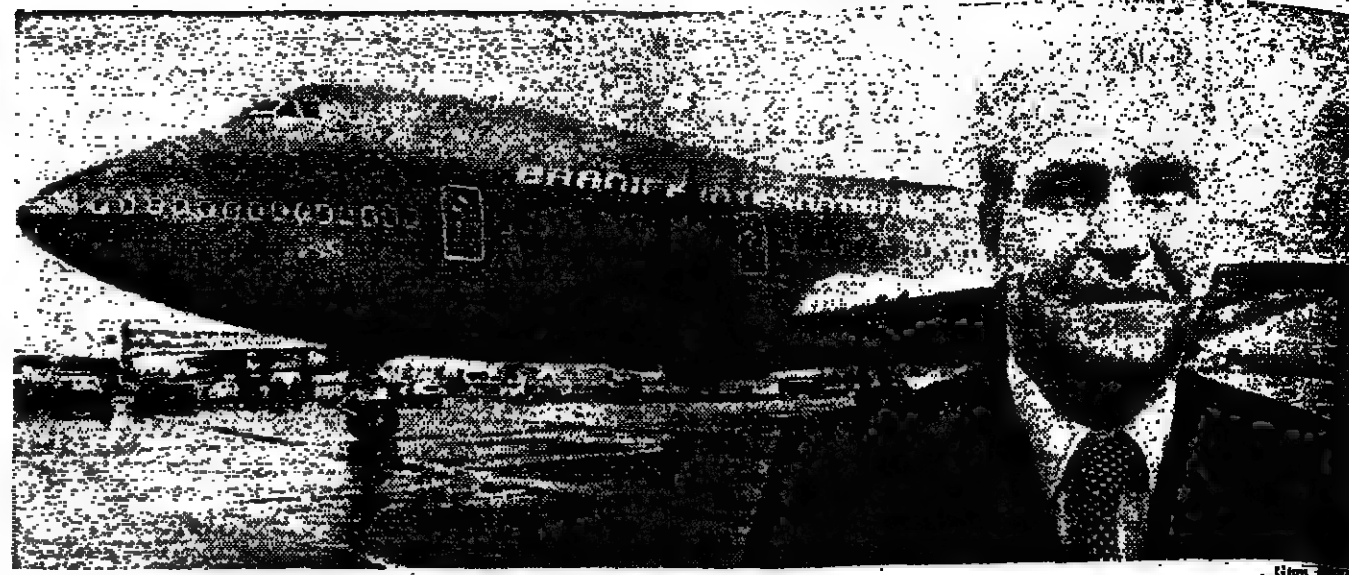
The Washington talks represent the latest in a series of attempts over the past few years to reach some accord on fares between the two countries that will stop this kind of thing. The aim is to try to get some kind of agreed scale of fares that all the airlines on both sides can offer, so as to prevent not only "discounting"—the offering of cut-price rates—but also eliminate some, at least, of the losses that many of the scheduled airlines now incur.

The International Air Trans-

port Association, has itself tried, and failed, several times to win agreement on fares among its members. It says that over the first seven years of this decade, the scheduled airlines on the North Atlantic have collectively lost \$2.5bn, with some 75 per cent. of the passengers travelling on one type of promotional fare or another.

Every airline on the route—and its supporting government—declares its allegiance to the concept of cheaper fares. Their problem has been, and is, that they cannot agree on how to implement it. The airlines themselves having failed, it is now their governments' turn, with no likelihood of any better success in view of the marked differences of view that prevail. The U.S., with its big home market, wants cheaper fares between many U.S. cities and Europe, instead of just New York, bringing cheap travel to as many U.S. citizens as possible.

In Europe, the attitude is that a more cautious approach towards cheap fares is essential if the already huge losses of the scheduled airlines are not to be made worse. It is argued that a headlong rush to more and more cheaper fares is likely to lead to financial disaster for some airlines which are already being shored up by their governments. The U.K. shares this desire for a more level-headed approach. It argues that



Mr. Harding Lawrence, chairman of Braniff International, on the apron at Gatwick Airport yesterday as "Big Orange" airline's bright orange 747, taxied in after the trans-Atlantic flight from Dallas.

no one is yet really able to say precisely where the low-fare travellers are coming from: are they genuinely first-time travellers, attracted by the low rates, or are they being diverted from some charter operations, or the lower end of the normal scheduled airline market?

No one can presently answer these questions. In order to find the answers, the U.K. wants the existing rates extended through the summer, until a rational assessment of them. It says that all the cheap fares, including Skytrain, Budget Plan and Stand-By, have been in effect only during the winter months since last autumn, when air travel demand is traditionally low. By studying their effect during the busy summer months, a better idea of the market can be obtained.

If, by August, it is clear that the cheap fares are generating a new market of their own, and, more significantly, have not resulted in a massive further dilution of revenue for the scheduled airlines, then the way can be clear for a further controlled extension of cheap fares. The U.K. policy is to move forward gradually, consolidating as it goes. It is directly counter to the U.S. approach, which is in favour of an immediate widening of the cheap fare market.

The U.S. view is that the U.K. itself started the rush to cheap fares, with its insistence last year after signing the new Anglo-U.S. Bermuda Two air

agreement that Laker Airways' cheap fare Skytrain should be given a U.S. licence and be allowed to operate as the second designated U.K. carrier on the London-New York route after British Airways. The U.S. points out that, because of the Skytrain, the scheduled airlines in the IATA-British Airways, Pan American and Trans World Airlines—were obliged swiftly to compete, and this resulted in the Stand-By and Budget Plan fares. Once they became effective, it is argued, cheap fares were bound to proliferate. They caught the public's imagination, especially in the U.S., and led to Pan Am and TWA earlier this year seeking to extend them beyond New York to a wide range of other cities in the U.S.—including Philadelphia, Boston, Chicago, Detroit, Los Angeles, San Francisco and Seattle.

It was at that point, however, that the U.K., in conjunction with other European countries, decided to call a halt, for fear of further damage to the revenues of scheduled carriers, and, through the Civil Aviation Authority, rejected the U.S. plans. The European Civil Aviation Conference, representing all the European countries with airlines flying the North Atlantic, welcomed the U.K.'s initiative, as it, too, has been seeking a common front on fares. Any fares freeze until August is therefore likely to be supported by the other airlines in Europe. This has served only to

annoy further the U.S., which argues that its market is the biggest, and should thus be given greater consideration in fares-fixing policies. The U.S. says that if the U.K. and European scheduled airlines do not like the competition they have helped to generate, they have only themselves to blame. Thus, the climate for next Monday's discussions is not conducive to any early agreement, and there are many in the scheduled airline industry who feel that further difficulties could lie ahead if the Washington talks fail.

But some airlines are happy, including Laker. For there can be no question of the success of Skytrain among passengers—over 90,000 since the service began. Laker claims it is making profits, too. There seems to be no doubt that the cheap fares, including Skytrain, have boosted traffic. Figures issued by the U.S. Immigration Service show that while departures from New York to London in the third quarter of last year rose only 2.7 per cent. above the same period of 1976, in October they rose by 35.9 per cent.—the first full month of Skytrain. Stand-By and Budget Plan fares in November rose by 33.1 per cent. and in December by 49.9 per cent. In contrast, departures to the U.K. from other U.S. cities were down 0.9 per cent. on a year earlier in the third quarter, down 5.2 per cent. in October, up 6.6 per cent. in November and up 6.4 per cent. in December.

It is for all these reasons that the U.K. wants a breathing space, to enable the battered airline industry to reassess its situation. Yet another reason for bracing the headlines towards ever cheaper fares, that governments do really want to become engaged in regular fares negotiations and would prefer to see a whole problem passed back to IATA. That association has up its own task-force of "wise men", including Mr. Basil Stainton, deputy chairman and chief executive of British Airways, to advise it on new policies for fixing fares. This team is, due to report to IATA soon, and decisions are expected to be taken by the association in late June.

Behind all this, however, is the shadow of U.S. dissatisfaction with the Bermuda Two agreement, which almost everyone in the U.S. civil airline industry feels discriminates against them. Some airlines in the U.K., such as British Caledonian, also feel that they do not emerge too well from the negotiations, although the general view in the U.K. industry is that the pact is the best this country could have obtained after an extremely long and tough period of negotiations. But there are already moves in the U.S., spurred by some Congressmen, to persuade the U.S. Government formally to "denounce" the agreement.

Much depends upon how the Washington talks go, and whether the present unhappy civil aviation relations between the two countries can be improved. If the talks are successful, leading to a controlled progress to more cheap fares, much of the talk about "denunciation" could evaporate. However, there will probably always be a residual feeling among some U.S. aviation executives that the British have got the best part of the deal.

## ATLANTIC AIR FARES

Scheduled Flights (via British Airways, Pan Am, TWA, Air-India, El Al and Iran Air)	Bought in London		Bought in New York		Booking Conditions
	Single	Return	Single	Return	
Budget Plan*	£44 (\$110)	£149 (\$356)	£146 (\$352)	£149 (\$356)	21 days ahead, with airline giving 10 days' notice of flight.
Stand-By*	Same rates as Budget Plan				No reservations, purchasable from 4 a.m. on departure day if seats available.
Scheduled Rates					
Apex	(a)	£149	(a)	\$350	30 days in advance
Economy Excursion (24-45 days)	(a)	£254	(a)	\$467	Rate varies according to season
First Class	£356.50	£713	\$656	\$7,132	No restrictions
Concorde	£421	£842	\$793	\$1,586	No restrictions
Scheduled Laker Skytrain	£59	(b)	\$135 (\$49)	(b)	No reservations, purchasable from 4 a.m. on departure day.
Charter (Jetset)	—	£126 plus	—	—	30 days in advance; a cheaper rate of £95 for late bookings if seats available.

\* Basic fares, peak rates are higher.  
 (a) No singles on Apex or Economy Excursions  
 (b) No return tickets purchasable on Skytrain

## MEN AND MATTERS

## Just come to Jerusalem

Dr. Israel Katz, Israel's Minister of Labour and Social Welfare, said in London yesterday that after questioning his British opposite-number David Ennals on British social problems he had told him: "If you think you've got problems, come to visit me in Jerusalem. . . . That comment was not entirely original, he confessed. Recently he was telling his Egyptian counterpart about Israel's worrying levels of urban deprivation, poverty and delinquency. The Egyptian had listened politely, then exclaimed: "So you think you've got problems. . . . come to Cairo. . . ."

All social troubles are relative, of course, but Israel certainly has more and more to grapple with on this front. A prominent British company director who returned from Tel Aviv this week tells me that a friend with whom he stayed had six locks on his front door— "Because I've been burgled so often." The commander of the Israeli Women's Army Corps has ordered her girls not to hitchhike home on leave, owing to the disturbing rape statistics. And if you own a car in Israel, constant vigilance is needed to avoid its being cannibalised and shipped in pieces to Jordan. Some Israeli psychiatrists blame the increasing violence upon so many years on a war footing. Dr. Katz attributed it yesterday to the growing pains of change from a peasant to an industrial economy.

Sweet scented Look who's back. Those remembering Varassev's precipitate fall from grace in 1974 will know the name of chief executive David Stark, who left when

an "illiquid situation" was unveiled before the startled shareholders. Since then, Stark has occupied himself with some private companies, until the acquisition earlier this month by a group of businessmen he heads of a majority shareholding in Dixor, a small cosmetics company in Epsom.

One of Dixor's charms, apart from a product called Velpuff, is its Stock Exchange listing. Thus yesterday's compulsory bid for the outstanding shares was so pitched that the independent directors could put their hands on their hearts and refuse to part with their own shares. Does this mean that Dixor will be a vehicle for all manner of acquisitions? Might it even change its name? "Absolutely not," says former stockbroker Charles Wyatt, one of Stark's associates in the takeover. "We shall push right ahead with new opportunities in the cosmetics field."

## Sound of music

With a flamboyance worthy of the dazzling decorations on its planes, Braniff hired the band of the Life Guards to welcome its first flight from Dallas to Gatwick. Considering the bitterness of the Anglo-American dispute about transatlantic fares, causing an on-off confusion just before take-off, the band's £750 fee must have seemed well spent to cheer up any doubters among the dignitaries aboard.

As the 747 came to halt, the guards were manfully belting out "The Yellow Rose of Texas." But as the doors opened to disgorge a load of mayors, businessmen and sundry media persons, the band stopped and broke into a thunderous rendering of "Rule Britannia." Quite a coincidence I was assured later. But the political intent was definitely present when Braniff



"Buddy, can you spare a DM?"

chairman Harding Lawrence explained what he was thinking of doing with his big plane now that he is prohibited from taking back any fare-paying passengers. "I'm going to fly it up to Heathrow," he drawled, "and leave it across the runway."

## Iford outdone

By the latest polls, Labour will need in Iford all the help it can get from the luck of having a "party political" on TV last night. Some of the longer shots among the seven candidates doubtless feel that a similar chance on the box would have swept them straight into Westminster. Certainly, in France, they seem to order such matters rather differently. The official general election broadcasts are now in full spate there every night for 25 minutes. Time is carved up according to parliamentary strengths and candidates standing, with several parties featured in each nightly programme. So elections are

## Pay up, or else

The Inland Revenue might well read from a cautionary tale in a book to be published tomorrow, *Torture, The Grand Conspiracy*, by Malise Ruthven, deals in detail with Aliensians, Inquisitors, Templars and witches, then goes on to the Honourable East India Company. A fine old institution, you might say, but one which Ruthven shows used torture to collect its revenue and "to get ten shillings from a man when he had only eight." That complaint was made in the House of Commons by Danby Seymour, MP, in 1854. Three years later the Mutiny was followed by the abolition of the East India Company—Inland Revenue, please note.

## Merry ferry

There was champagne on those usually drear ferries between Britain and Eire yesterday. Her Majesty's Customs had finally recognised that Eire was an independent country, meaning that after years of prohibition between the lands of whiskey and whisky, duty-free drinks were in. But passengers on the first flight yesterday from Dublin were left in the gloom. Aer Lingus had forgotten to load the liquor.



"I haven't been so happy for years."

"For many elderly people, going into a 'Home' seems like the end of the world. Nevertheless, our headline is a typical quotation from one of our residents' letters. The Distressed Gentlefolk's Aid Association runs a particular type of Home for a particular type of person. Not just what is implied by the 'Gentlefolk' in our title but anyone, man or woman, who will 'fit-in' with our other residents."

We have 13 Homes in all. Some Residential, some full Nursing Homes. Anyone who needs a Home but who lacks the necessary financial resources can apply to the DGAA for help. Places are short, because money is short. Your donation is urgently required. And please, do remember the DGAA when making out your Will.

## DISTRESSED GENTLEFOLK'S AID ASSOCIATION

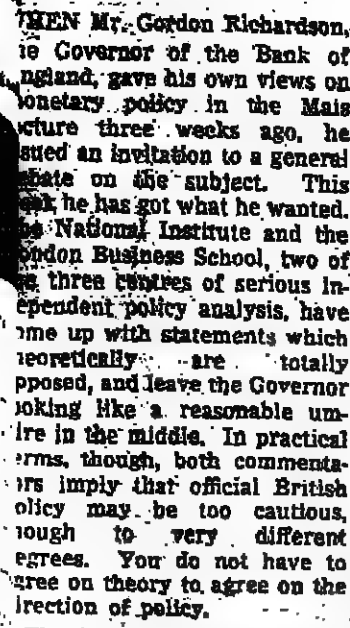
VICARAGE GATE HOUSE, VICARAGE GATE, KENSINGTON LONDON W8 4AQ  
 "Help them grow old with dignity"

Observer



ECONOMIC VIEWPOINT

# Money in a permissive world



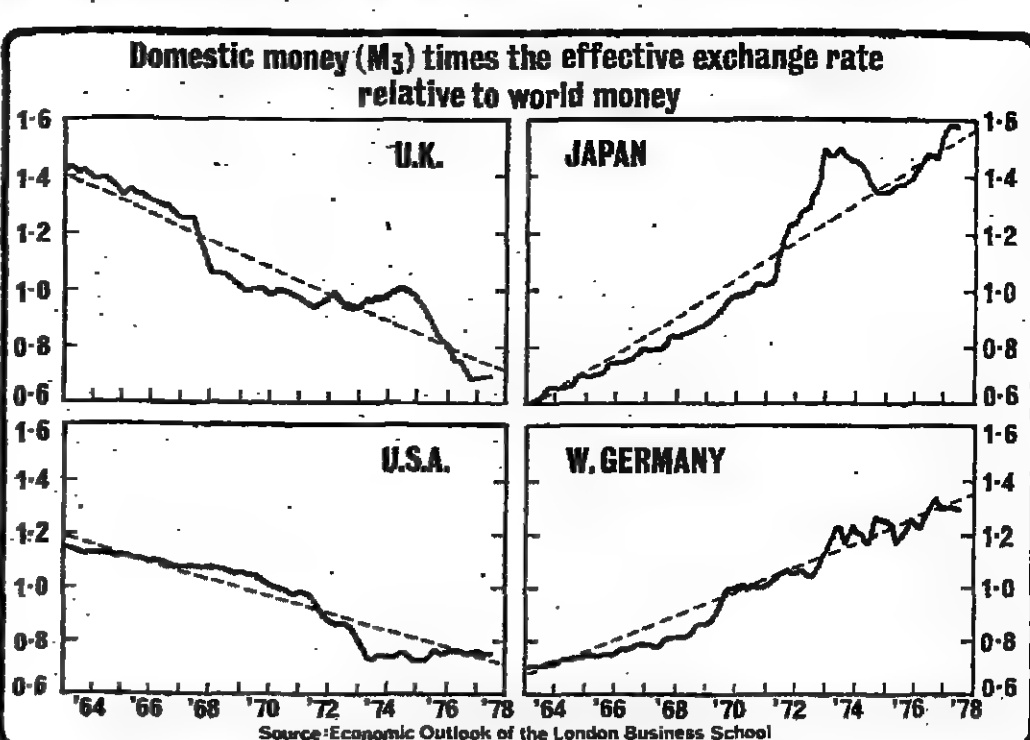
Mr. Gordon Richardson, Governor of the Bank of England, gave his own views on monetary policy in the *Financial Times* on March 2. He said that the Bank was not in a position to make a general statement on the subject. This is a reasonable position, but it is not the only one. The Bank of England is a public institution, and its actions should be subject to public scrutiny. The Governor's statement is a good example of the Bank's traditional reluctance to discuss its policy in detail.

Mr. Richardson's statement is a good example of the Bank's traditional reluctance to discuss its policy in detail. He said that the Bank was not in a position to make a general statement on the subject. This is a reasonable position, but it is not the only one. The Bank of England is a public institution, and its actions should be subject to public scrutiny. The Governor's statement is a good example of the Bank's traditional reluctance to discuss its policy in detail.

The National Institute, in an eloquent piece that deserves to be known as 'Worswick's Last Stand', expresses all the anxiety of those who suspect that 'practical monetarism' is a polite term for allowing financial markets to take over economic policy, or a disguised attempt to let the market decide the only convincing way.

relatively little attention so far, but what it proposes is, if it is true, profoundly important. It is simply that the exchange rate instability which is now such a potent source of uncertainty and alarm is the result of mistaken monetary policies; and what is more important, that one can lay down rules for monetary policy which would restore international stability.

The background to this proposal is summed up in the introduction. It shows that if you measure money with a common yardstick, by calculating monetary growth in each country as a proportion of world monetary growth, it shows a remarkably consistent trend over the years. The fast-growing 'locomotive' economies have a rising share, and the sluggish economies a falling share. Time brings its own painful revenge for any departure from trend.



The London Business School, reflecting on the huge market instability demonstrated in the chart, seems to have concluded that this is too much to ask. Markets move so violently, and generate such enormous capital flows, that governments are compelled to intervene in the currency markets, and 'pure floating' is thus abandoned. These interventions finance large current account surpluses and deficits, and debt piles up alarmingly. The supposed independence conferred by floating is thus seen as a dangerous illusion.

measure something called the money supply. The issue is really a technical one. In the old Bretton Woods days, we learned painfully that the real measure of credit policy from an international point of view is not the growth of the money supply, but the total expansion of domestic credit (DCE) — the sum of the lending which stays at home and the lending which leaks abroad across the exchanges. In a world in which central banks routinely intervene on a huge scale in the currency markets, there are still large flows across the exchanges, and DCE is still a highly relevant measure.

## Nuclear power proliferation

from Mr. N. Forman MP.  
Sir, I was most interested in the long feature article on the non-proliferation aspects of nuclear power which appeared on February 24. It seems to me that there are at least two important points of which Dr. Walter Marshall and Dr. Chatterjee have not taken sufficient account. The first is that in advocating a development of fast reactors, plutonium incinerators rather than breeders, Doctors Starr and Marshall are effectively negating a main argument — normally advanced for the development of fast reactors, namely their ability to overcome the uranium constraints which would otherwise be associated with the development of thermal reactors on a large scale.

Mr. Pennington-Leigh has also, apparently, overlooked advertising with a social message. For example, the Government has recently reported to Parliament on the success of its 'Save It' campaign. Without advertising, what would become of consumer choice? Advertising, of course has an important selling role, but it is also a vital source of information. I entirely fail to see why advertising should be thought to run contrary to socialist ethics. The advertising industry has considerable experience of obeying both its own codes of practice and those of outside bodies. Given good faith on both sides, advertising by professionals should not pose any problems.

time allocated. The benefits normally far outweigh the costs. The company pays the fees, and non-executive directors should be most effective if they are not too obviously nominees sponsored by a sectional interest. They employ the skills and experience for which they were selected, in advising the executives and periodically reporting to the outside world, that constitutes very sound practice which could be more widely used to the benefit of investors and companies.

## Catering on the railway

from the Chairman, British Transport Hotels.  
Sir, Under the heading 'Hedge to improve railway catering' (February 22, Page 1), Ian Hargreaves says that: 'Mr. Rob Reid, the Board member for marketing, has been put at the head of a working party to study catering with the central object of giving the vice, known as Travellers' (sic), a separate Board structure, responsible to a British Transport Hotels holding company.'

Plantmakers' case  
From the President, Metallurgical Plantmakers' Federation.  
Sir, In your comments on the British steel industry (February 27), you say that there is a case for continuing with the investment projects already in hand and with other projects to secure future advantages. Indeed there is a very strong case, and an important part of it, which should never be underestimated, is the need for the British metal plant industry to have a continuing home market. This is essential, not only to maintain the engineering skills and jobs in the industry, but also to provide a 'shop window' where potential overseas customers can see the latest British plant in operation.

Luncheon vouchers  
From Mr. F. True.  
Sir, I would like, on behalf of Luncheon Vouchers, to compliment Eric Short on his article 'The best way to employee's heart' (February 22), pointing out the anomaly which exists between subsidised canteen meals and their supposed equivalent, the luncheon voucher. This anomaly, we all know, is increasing each year with inflation. I would just like to make one observation on Mr. Short's article, and that is regarding his last paragraph, where it is clear he is expressing his own opinion, that the 'tax level on vouchers should be brought to a realistic level,' to which we would agree, but should this not be the case of your readers. The fact is that the deadline of March 23 cannot be extended. If an application to contract out with effect from April 6 is sent to the Occupational Pensions Board by March 23, national insurance contributions from April 6 onwards will be payable provisionally at the contracted-out rate while an employer is awaiting his contracting-out certificate. Otherwise the higher, non-contracted-out rate contributions will be due from April 6 unless and until a contracting-out certificate is issued. The correct rate of contribution does not depend on any certification or application to the DHSS. The Department's leaflet NPS7 explains the arrangements.

## Advertising and the professions

from Mr. D. Coulson.  
Sir, I was more than a little amazed to see the old chestnut that 'no lasting good is achieved by advertising' has done to the public interest' reprinted in the letter from Mr. R. Pennington-Leigh (February 24). Advertising is so clearly of benefit in so many ways that it is difficult to know where to begin. For example, by helping to reduce consumption of goods throughout the year, advertising plays its part in keeping production lines moving, and therefore helping people in jobs. Advertising can encourage a national interest in consumption of scale goods with economies of scale and a resulting beneficial action price.

Experienced and available  
From the Chairman, Brian Woodhead and Co.  
Sir, Anthony Harris (London, February 24) refers critically to present practice and recent indications of future developments in the employment of non-executive directors. There is no doubt that the image is generally poor and has been harmed by a few well-publicised (rightly) failures to take the job seriously. I believe there are signs of growing constructive interest in developing a more useful, more acceptable role for non-executive directors. Significant numbers of widely experienced (or specialist) directors are available. These are still in track prime, with excellent track records, willing to apply a proportion of their time and energy to companies where their skills and personalities are carefully matched.

The car and the sprawl  
From the Editor, *Railway Gazette International*.  
Sir, Nancy Dunne omits a key factor from her analysis (Feb. 28) of the diffusion with metros in the U.S. Mostly this stems from the almost unbelievable technical disasters which still cripple the 75-mile bay area rapid transit and around San Francisco. According to BART's assistant general manager Robert Galloway, 62 per cent of cars in service on a typical day in January had to be withdrawn from traffic because of faults. Imagine what effect this has on the service! Add to that such details as a signalling system which cannot detect trains properly, and was designed for braking rates which

Polling day in Lifford North by-election (result expected about 1 a.m. to-morrow).  
Treasury issues figures of U.K. official reserves for February.  
Formal meeting between Confederation of British Industry leaders and Mr. Denis Healey, Chancellor of the Exchequer, on CBI suggestions for the Budget.  
TSA companies meet officials from Department of Prices to discuss price controls.  
Power workers pay talks resume.  
Mr. Peter Parker, British Rail chairman, is guest speaker at Foreign Press Association luncheon at Carlton House Terrace, S.W.1.  
Herr Guido Brunner, EEC Energy Commissioner, in London for talks with Mr. A. Wedgwood

Benet, Energy Secretary, on Community's plans to rationalise European refinery industry.  
Final approval expected to-day on agreement covering Sullom Voe oil terminal port operation.  
London Chamber of Commerce seminar on Business Opportunities in Sweden, 59, Cannon Street, E.C.4, 10.30 a.m.  
Court of Common Council meets, Guildhall, E.C.2, 1 p.m. (open to public).  
Duke of Edinburgh opens Tree Council conference on Royal Institute of British Architects, Portland Place, W.1.  
Sir Peter Vaneek, Lord Mayor of London, and his Sheriff attend

British Sugar Corporation, Hyde Park Hotel, S.W. 12. Fluidrive Engineering, 14 Newbury, Middlesex, E.30. Mears Bros. St. Ermin's Hotel, S.W. 12. Nam (J. F.) Securities, Birmingham, 12.  
MUSIC  
Royal Festival Hall: Philharmonia Orchestra, conductor Lino Tunk, soloist Garrick Ohlsson (piano), in programme of Strauss (Don Juan), Chopin (Piano Concerto No. 1 in E minor), and Rachmaninov (Symphony No. 2 in E minor), 8 p.m.  
Queen Elizabeth Hall: Walter Klein (piano) gives Mozart and Schubert recital, 7.45 p.m.  
Wigmore Hall: Trio Fontanarosa perform works by Haydn, Ravel and Schubert, 7.30 p.m.

## Midland Bank will be taking care of business at the Leipzig Spring Trade Fair March 12-19.

As we are a participant in European Banks International (EBIC), composed of 7 great independent European Banks, you'd expect us to be there for an event of such importance.

Bryan Humphrey will be at Leipzig from March 12-19 to help ensure your trip is a profitable one.

There will also be an EBIC representative on hand for the entire Fair.

If the occasion arises when you think you could use a little advice, talk to either of them. They can be contacted at the Fair at EBIC House, Central-Service, Hall 16, 1st Floor, Stand 182-183. Tel: Leipzig 80498. Telex 512560.

And if you have any questions on overseas trading that you'd like answered now, contact Midland Bank's Panel for Overseas Trade Development in London 01-606 9944.

**We deliver.**

**Midland Bank International**

Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN. Tel: 01-606 9944.



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Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN. Tel: 01-606 9944.



# COMPANY NEWS+COMMENT

## General Accident reaches record £70m.

WITH A reduction in the underwriting loss from £17.6m. to £3.3m., pre-tax profits of General Accident Fire and Life Assurance Corporation finished 1977 ahead of £42.6m., a record £70.2m. At half-year profits stood at £31.5m. against £13.5m. and at the nine months stage at £50.4m. against £26.6m.

After tax of £21.2m. (£11.9m.) and minorities and preference dividends of £1.2m. (£0.8m.), the available profit is up from £30.1m. to £47.5m. and full year earnings are stated at £29.2p (£22.6p) per 25p share.

The dividend total is raised from 7.25p to the maximum permitted 8.07p net with a final of 4.34p and an additional 0.03p will also be paid for 1978 following the reduction in ACT.

General Accident has changed its accounting policy by discontinuing the practice whereby exchange adjustments on overseas profits were reconverted to average exchange rates for the year. The change for tax is now also calculated by application of year-end rates and comparative figures have been adjusted.

On the previous basis, 1977 profits after tax would have been increased by £3.4m. (£0.8m. reduction).

Worldwide underwriting improved in the fourth quarter with a profit of £2m., reducing the underwriting loss for the year to 0.86 per cent. of premiums (£2.83 per cent.).

In the U.K. the last quarter produced an underwriting loss of £1m., largely attributed to storms in the North West and a deterioration in the industrial fire account.

The fire result overall was satisfactory but the motor account was marginally unprofitable and experience in the traders and home owners accounts remains adverse.

In the U.S. using 1977 year-end rates, the fourth quarter underwriting profit was £0.4m. reducing the underwriting loss to £3.6m. for the year (£13.3m.) on premiums up by 18 per cent. to £481.8m. (£468.1m.).

Experience in the property account continued to improve and a profit was also earned in auto business, but both liability accounts continue to cause concern.

With an operating ratio of 98.76 per cent. in the fourth quarter, the year's figure improved from 104.33 per cent. in 1976 to 100.44 per cent.

Elsewhere the last quarter produced marginal losses in the other major territories, but improved results were achieved in the smaller territories and in the reinsurance account.

General business premium income improved from £80.3m. to £87.4m. and long-term business from £73.4m. to £81.1m.

An analysis by territory of general business premium income and underwriting results show:—U.K. £242.4m. (£201.8m.) and loss £4.2m. (loss £4.0m.); U.S. £230.1m. (£230.1m.) and loss £3.6m. (loss £3.3m.); EEC £43.6m. (£42.2m.) and loss £3.4m. (loss £2.0m.); Canada £48.2m. (£33.7m.) and profit £0.3m. (loss £0.1m.); Australia £22.3m. (£27.6m.) and profit £1.6m. (£1.7m.); others including reinsurance £43.1m. (£38.4m.) and profit £2.8m. (loss £0.4m.); and marine and aviation £20.0m. (£20.0m.) and nil (loss £0.3m.).

Pre-tax profits for the year include investment income of £73.5m. (£60.6m.) and share-

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Diploma Invs.	24	7	Scott Agricultural	27	1
Gen. Accident	24	1	Stevenson (Robt.)	24	3
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holders long-term profits of £2.7m. (£1.9m.) and is struck after interest on loans of £1.5m. (£1.7m.).

The effects of the strengthening of sterling were particularly felt in fourth-quarter investment income. If the exchange rates in force at December 31, 1976 had still applied, the 1977 premium income would have increased by a further £30m. with investment income and pre-tax profits each higher by £5m., but with no significant change to underwriting results.

See Lex

## Guthrie to spend £14m in Malaysia

Guthrie Corporation plans to invest more than £60m. in Malaysia in its Malaysian plantation interests in the next five years. Sir Eric Griffith-Jones, the chairman, said yesterday at the launching of a new, 100,000-acre oil mill in Negri Sembilan state.

The mill, the fifth owned by Guthrie in Malaysia, is capable of processing 32 tons of fresh fruit bunches an hour, and brings the total capacity of the five mills to 800,000 tons of fresh fruit bunches a year.

Guthrie owns 167,000 acres of oil palm and rubber in Malaysia, and plans to install a sixth mill by 1983.

Sir Eric said that in line with the Malaysian Government's new economic policy, Guthrie last year implemented a restructuring in Malaysia, creating a new company, Guthrie Ropel, with 40 per cent. local equity. By 1980, Ropel will take over all the Guthrie estates and it is hoped that by then 40 per cent. of the equity of Ropel will be owned by Malaysians.

Owing to adverse trading conditions the directors of Robert Stevenson have invited their bankers to appoint a receiver and manager. The receiver is Mr. Christopher Morris of Touche Ross and Co.

The company whose operations are centred in Norwich employs some 200 people. Trading is continuing while the receiver makes an assessment of the company's affairs and it is hoped that the business can be sold as a going concern.

## Temple Bar earns more: 100% scrip

REVENUE of Temple Bar Investment Trust for 1977 emerged as £1,266,211 compared with £1,246,832 after tax of £511,089 against £535,974. Figures for 1976 have been restated as if the merger between Temple Bar and Telephone and General Trust, which became effective on August 19, 1977, had been in force throughout 1977 and at December 31, 1976.

When the merger became effective the former Temple Bar Investment Trust changed its name to Temple Bar Investment Trust (Realisation) and the undertaking of this was acquired by the company on the same date. The accounts reported include the figures from both companies for 1977.

Stated basic earnings per 25p share are up from 8.11p to 10.21p (£8.34p) (£8.34p) fully diluted. The dividend is increased to 9.3p (£8.3p) with a final of 4.34p net, and a one-for-one scrip issue is also proposed.

Net asset value per share is given as 340.2p (£80.1p) and 237p (£182p) allowing for full conversion of loan stocks.

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ing some of the units without incurring tax penalties. The minimum death cover at any time within the 25 years of the policy has been fixed at £450 for each 22 unit. It has been kept as low as possible without jeopardising the tax qualification.

## Kenning sees first half drop

WHILE FIRST quarter results at Kenning Motor Group were not materially different from those of last year, Mr. George Kenning, the chairman, reports that half year profits will be down, although he says it may be possible to retrieve lost ground in the second half.

Members are told in his annual statement that motor depots will show further improvement in line with the current trend and contract hire and car hire should produce comparable results. However, Mr. Kenning expresses concern about Kenning Tyre Services whose profits have seriously been eroded.

He states that since the end of the year, competition from cheap imported tyres has intensified further and, although sales have increased, the market has been seriously disrupted and margins have decreased.

Consequently, tyre trading results for the first half will be down with margins being especially affected and therefore the tyre factories. The full year outlook depends on whether the state of new price imports can be contained, the chairman adds.

As reported on January 12, pre-tax profits for the year to September 30, 1977, jumped 48 per cent. to a record £7.06m. on turnover of £192.7m. (£138.5m.).

Kenning's SA produced a loss for the year due to increases in overheads and to an insufficient supply of vehicles to cover the extra costs. The first quarter of the current year has shown a modest improvement, but Mr. Kenning records this year as crucial, with the directors unaware of Leyland's plans for France.

A statement of source and application of funds shows an increase in bank borrowings of £5.4m. (£0.35m. decrease), at the year end.

Meeting, Chesterfield, March 22 at noon.

Mid-Sussex Water success

Mid-Sussex Water Company announces that applications totalling £5,734,300 were received in respect of the offer for sale by tender of £1,900,000 7 per cent. Redeemable Preference Stock, 1983.

The highest tender was £102.35 per cent. The average price of allotments was £101.645 per cent. and the lowest tender to receive a partial allotment was £101.08 per cent.

The balance of the purchase money is to be paid on or before Friday, March 31, and dealings will commence to-day.

The policy has been written in monthly units of £2 so that partial surrenders can be made by cash-

ing some of the units without incurring tax penalties. The minimum death cover at any time within the 25 years of the policy has been fixed at £450 for each 22 unit. It has been kept as low as possible without jeopardising the tax qualification.

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## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding date	Total last year
African Lakes	4.4	March 31	2.75	2.75
Carloli & Tyneside	2.35	March 31	2.35	2.35
Diploma Investments Int.	1.25	April 13	1.13	3.43
General Accident	4.35p	July 1	4.1	8.1
Olives Paper Mill	1.25	April 14	1.25	1.25
Temple Bar	2.45	March 31	2.5	8.5
Trustee Inv. Sec. Int.	2.55	March 31	2.55	3.3
U.S. Deb. Corp.	2.7	May 1	2.36	3.06
Western Mining	1.07	April 28	3	8

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Gross. §Additional 0.06p for 1976. † Australian cents throughout.

## Carloli and Tyneside show earnings growth

ADVANCES in taxable revenue to record levels are reported by the Carloli and Tyneside Investment Trust, whose proposed merger continues to be delayed by problems with the high gross revenue ahead from £34,733 to £34,485. Carloli shows growth in taxable earnings of £118,452 to £708,531.

Including dollar premium, investments at year-end were valued at £17,23m. (£16.54m.). Net asset value per 25p share, including the premium, was 146.2p (£141.3p) or 140.9p (£134.9p) with prior charges at nominal value.

Stated earnings per share were 4.215p (£3.82p) and a second interim, in lieu of a final of 2.85p lifts the total to 3.35p (£3.2p) net.

Gross revenue ..... 2,437,883  
Tax revenue ..... 1,171,672  
Net revenue ..... 1,266,211

1977-78 1976-77  
Gross revenue ..... 2,437,883 2,354,974  
Tax revenue ..... 1,171,672 1,108,142  
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Net revenue ..... 1,266,211 1,246,832







# Crest Nicholson Ltd

An industrial group with interests in housing, leisure and engineering

## Significant Progress in 1977

	1976	1977	Increase
Sales	£24,096,000	£29,726,000	+23%
Pre-tax profits	£1,220,000	£1,815,000	+49%
Earnings per share	5.08p	8.57p	+69%
Dividends per share	2.98p	3.3284p	
Supplementary dividend in respect of 1976		0.0350p	

- \* Strong profit growth in all divisions.
- \* Maximum permissible dividend increase.
- \* The group is currently performing well and further profit growth is expected this year.



## Results for 1977

The audited accounts for the year to 31st December 1977 will be published on 24th April 1978, but preliminary and unaudited figures for 1977, with actual figures for 1976, are as follows:

	1977 £m	1976 £m
Premium Income		
General Business	674.6	620.3
Long Term Business	81.1	73.4
	<b>755.7</b>	<b>693.7</b>
Profit and Loss Account		
Investment Income	75.3	60.0
Underwriting Results		
General Business	(6.3)	(17.6)
Shareholders' Long Term Profits	2.7	1.9
	<b>71.7</b>	<b>44.3</b>
Interest on Loans	1.5	1.7
Profit before Taxation	70.2	49.6
Taxation — U.K. and Overseas	21.2	11.9
Profit after Taxation	49.0	30.7
Minority Interests and Preference Dividends	1.2	0.6
Profit for the year available to Ordinary Shareholders	47.8	30.1
Earnings per share	29.2p	22.6p
Dividend per share	8.097p	7.313p

### Note

In arriving at the profit for the year, overseas revenue has been translated at the rates of exchange ruling at the year end.

There has been a change in accounting policy in that the "exchange adjustment," whereby overseas profits were reconverted to average exchange rates for the year, has been discontinued. The charge for taxation is now also calculated by the application of year-end rates and comparative figures have been adjusted.

On the previous basis, 1977 profits after tax would have been increased by £3.4 million (1976—£0.8 million reduction).

### Analysis by Territory of General Business Premium Income and Underwriting Result

	1977		1976			
	Premium Income	Underwriting Result	Principal Exchange Rates used	Premium Income	Underwriting Result	Principal Exchange Rates used
	£m.	£m.		£m	£m	
U.K. ....	242.4	(4.2)	—	201.6	(4.0)	—
U.S.A. ....	250.1	(3.6)	\$1.92	238.4	(12.3)	\$1.70
E.E.C. ....	45.6	(3.4)	—	42.2	(2.0)	—
Canada .....	48.2	0.5	\$2.10	55.9	(0.1)	\$1.71
Australia .....	22.3	1.6	\$1.67	21.6	1.7	\$1.56
Other, including reinsurance	45.1	2.8	—	39.4	(0.4)	—
Marine and Aviation .....	20.9	—	—	20.0	(0.5)	—
	674.6	(6.3)		620.3	(17.6)	

### Final Dividend for the year ended 31st December 1977

As previously forecast, the Directors have decided to recommend to the Shareholders at the Annual General Meeting to be held on 24th May 1978 the payment of a final dividend on the Ordinary Shares of 4.347p per share making a total distribution for the year of 8.097p per share, being the maximum amount permissible under current legislation.

The Directors have also decided to recommend the payment of a further amount of 0.063p per share in respect of the year 1976, as a result of the reduction in the rate of Advance Corporation Tax from 35% to 34%, thereby increasing the total distribution for that year to 7.313p per share.

The dividends will be payable on or after 1st July 1978 to Shareholders on the register on 2nd June 1978.



General Accident Fire & Life Assurance Corporation Ltd  
World Headquarters, General Buildings, Perth, Scotland.

## BIDS AND DEALS

# THF in U.S. restaurant venture

THE EXPANSION in the U.S. of Trust Houses Forte, the British hotels and catering group, continued yesterday with the announcement of the purchase of the Colony Foods restaurant chain for \$8m. (\$4.1m.).

Colony Foods runs 91 restaurants, trading principally under the names "Colony Kitchen" and "Hobo Joe's." It will be merged into THF's wholly-owned U.S. hotel subsidiary Knott Hotels which THF bought a year ago. Knott's hotels include the Westbury hotels in London and New York, and the company is already involved in contract catering.

This is THF's first venture in the restaurant business in the U.S. its largest interest over there remains Travelodge International which it acquired five years ago and which now provides 36,000 hotel bedrooms in the U.S.

**SOGOMANA**  
The chairman of Sogomana

Group, Mr. K. MacLellan has commented in Tuesday's Financial Times that the purchase of Colony Foods and Longbourne Holdings have acquired 100,000 shares each in Sogomana as "long-term investments."

The purchases were made with the full knowledge of the Board of Sogomana and it has been agreed that a representative of the purchasers will be invited to join the Board.

### 28p OFFER FOR REST OF DIXOR

The expected bid for Dixor from the group of businessmen who bought Matthews Holdings' 57 per cent. stake last month, has arrived.

Pitched at 25p per share (the price Matthews sold at) the offer is substantially below the current market price of 47p and also lower than the shares have been in the market over the past six months.

It transpires that Mr. Michael Dismore and Mr. David Stark, the leaders of the consortium, have no intention of buying out the whole of the equity. The official offer document, posted to shareholders yesterday, states that the consortium goes to maintain a listing for Dixor.

Already the independent directors of Dixor, headed by chairman Mr. J. H. Davidson, have firmly stated that they are not accepting the offer as far as their own 11.4 per cent. of the shares is concerned.

Publication of Dixor's financial figures for the nine months to October, which was expected to be included with the offer document, has been further delayed.

A spokesman for Dixor said yesterday that the audit has not yet been completed. The figures are now due within the next three weeks and will be accompanied by trading figures and a pro forma balance-sheet for the first five months of the current accounting period.

### ANTONY GIBBS GOES INTO LEASING

Antony Gibbs Holdings, the merchant banking and other products group which Hong Kong and Shanghai Banking Corporation has a stake of around 40 per cent., has subscribed £21,250 in cash for a 20 per cent. stake in Concord International, a wholly-owned subsidiary of Concord International SA. In addition, Gibbs is to subscribe

£750,000 for a new 10 per cent. convertible subordinated loan note of £250,000, which was issued on February 28, 1978. The balance is to be subscribed between October 1, 1978, and March 31, 1979.

A spokesman for Gibbs said yesterday that the group saw this as an attractive investment opportunity, rather than any major move into the leasing business. The services offered by Concord are, however, seen as being "complementary to Gibbs' existing banking activities."

The principal shareholders in Concord International SA are Arbutnot, Leatham, Banque Worms SA, Philadelphia International Investment Corporation and Lease Plan International Corporation.

### BRENT CHEMICALS IN SOUTH AFRICA

Brent Chemicals International has entered into an agreement with Chemical Holdings of Johannesburg whereby a new company will be formed in which the two will have stakes of 20 per cent. and 80 per cent. respectively. Certain specialist chemical interests of Chemical Holdings will be injected into the new company, which is expected to have annual sales of around R7.5m., with estimated pre-tax profits of R600,000.

The new company will be called Chemserve/Ardux Chemical Holdings. The object of the merger is to provide South African industry with "surface technology in various advanced engineering and chemical systems in the fields of automated industrial chemicals and metal finishing."

### SWEDISH MATCH TO ABSTAIN

Swedish Match has said that it will not be voting its 3.5 per cent. holding in Wilkinson Match, at the extraordinary meeting of shareholders to approve the conversion of the company into a public limited company.

Swedish Match, which sold a 20 per cent. stake in Wilkinson to Allegheny just before Christmas, says that it is "strongly in favour" of the True Temper purchase, which it considers "a good opportunity to acquire an important consumer products company on attractive terms."

# Borthwick sells Thamesmead

Thomas Borthwick and Sons has sold the long-making meat processing factory at Thamesmead which it acquired when it took over Matthews Holdings last August. The buyers are the retail butchers J. B. Dewhurst, a subsidiary of the private Union International group.

No price was disclosed for the sale. Matthews' last full accounts show that there is a £2m. loan secured against the factory, repayable in instalments by July 1980.

Thamesmead had been a headache for Matthews ever since it opened in 1977, largely according to Mr. Raymond Slope, Matthews' chairman, at the time of the agreed bid, because it had been running below capacity.

In his letter to shareholders accompanying the recommendation of the bid, however, Mr. Slope stressed that one of the major benefits of the merger would be that "more efficient use can be made of Matthews' processing facilities at Thamesmead by the increased volume of throughput that Borthwick's business would bring."

Mr. Slope has since resigned as a director of Borthwick, to concentrate on his other interests.

By the end of November, however, when Dr. Bullen, chairman of Borthwick, was making his annual statement, Thamesmead was described as a "problem of the first magnitude." Dr. Bullen went on to say that "it is being tackled urgently."

Yesterday, the general manager at Borthwick, Mr. Hunter, said that Thamesmead had proved excess to manufacturing requirements. He said that the factory, a new processing factory, at Slingsbyhouse.

Mr. Hunter also revealed that Borthwick is in the final stages of negotiating to buy another chain of retail butcher shops.

### BRITISH ANZANI

British Anzani Construction, the building and civil engineering subsidiary of British Anzani, has acquired T. H. Contractors, civil engineers, and Tractors Hire, plant hire specialists, for an

undisclosed sum. Turnover of the two companies acquired will be in excess of £21m. in the coming year.

### SIME DARBY MOVE

Sime Darby London, has sold its 4,888 shares and 30,000 warrants in Consolidated Plantations to its parent company Sime Darby Holdings for £4.8m. This stake represents less than 5 per cent. of Sime Darby Holdings' total interest of 87.36 per cent.

The reason for the sale, which was at middle market prices on the London stock exchange, is the reduction of Sime Darby London's borrowings which have risen from £7.7m. at the last balance sheet date to £10.1m. But the move is part of a rationalisation of the way in which the group holds its Consolidated Plantations shares.

Sime Darby Holdings owns all the Ordinary shares of Sime Darby London but some convertible Preference shares are in public hands.

### JAMES SHIPSTONE REJECTION

The Board of James Shipstone and Sons has told shareholders that it considers that the offer from Northern Foods is "wholly inadequate."

The Board will be writing to shareholders again setting out in detail reasons why they should reject the offer. Meantime shareholders are advised "most strongly" to take no action.

### COLOPHONIUM

The offer by Colophonium Pty. for London Australia Investment Alpha Lease Company for a consideration of £100,000, or acceptance until April 10, 1978.

### LEAD INDUSTRIES

Completion has taken place of Lead Industries Group acquisition of one half of Federated Chemical Holdings' shareholding in Tioxide Group. As a result, Lead Industries now owns 50 per cent. (formerly 45.39 per cent.) of the

equity of Tioxide, the remainder being owned by ICI. The cash consideration paid by Lead Industries was £4.1m. on December 30, 1977, and the company also issued £4.1m. for the rights issue of Tioxide. Medium term facilities to cover these payments are available from the company's bankers.

### CHARTERHOUSE FRENCH STAKE

Charterhouse Development, the development capital subsidiary of the Charterhouse Group, has acquired a minority holding in Société Industrielle de Manutention Acler et Plastiques (SIMAP), a French industrial order distributor, for £250,000 cash. The investment has been made through Charterhouse Development's French subsidiary, Charterhouse SA, based in Paris, which will be represented on the Board of SIMAP.

SIMAP is a mail order distributor in France, offering a range of products for use in factories and offices, including storage and handling equipment, machine tools, safety clothing and office furniture.

### JESSUPS

Jessups (Holdings) has completed the acquisition of the capital of Jessups (Engineers). Details of the deal were announced on February 14 at the time of exchange of contracts.

A further announcement will be made at the time of the total consideration for the acquisition (which will amount to the net tangible asset value of JEC as at February 28, 1978, plus £50,000 for goodwill) has been certified by the present auditors of JEC.

### TIOXIDE

Following the successful outcome of the offer by Dalgely for Federated Chemical Holdings all the equity capital of Tioxide Group is now held by ICI and Lead Industries in equal shares.

The Board has accepted the resignation of Mr. J. Sparrow, (Chairman of Federated) as a director of Tioxide.

# ASSOCIATES DEALS

Cazemore and Company sold 500 Barratt Developments Ordinary shares at 101p and 1,000 at 100p for an associate of Barratt.

W. I. Carr, Sons and Company bought 10,000 Pontins' assigned shares at 361p and sold 825 and 4,500 Coral Leisure Ordinary shares at 100p on behalf of discretionary clients.

Simon and Coates an associate of Property Investment and Finance bought £5,000 nominal of PIF 6 per cent. Convertible Unsecured loan stock 1991-98 at 77p per cent. on behalf of an associate of PIF.

Messel and Company, an associate of Trafalgar House purchased for its own account, 5,000 Ordinary shares of Young, Austen and Young at 101p.

### SHARE STAKES

Anglo American Asphalt — W. and J. Glossop has purchased 100,000 ordinary shares and is now interested in 479,130 (10.65 per cent.).

Crellon Holdings—V. C. Creer, director, has disposed of 50,000 shares. They were registered in the name of Courtways Management, a private investment company of which he is a director.

# THE UNION STEEL CORPORATION (OF SOUTH AFRICA) LIMITED

(Incorporated in the Republic of South Africa)

REPORT FOR THE YEAR ENDED 31ST DECEMBER, 1977

The directors announce that the audited consolidated results for the year ended 31st December, 1977, are as follows:

	12 Months ended 31.12.77	12 Months ended 31.12.76
Turnover	R900 126 046	R900 141 457
Trading Profit	9 423	14 341
Income from investments	372	54
	<b>9 800</b>	<b>14 388</b>
Less:		
Depreciation	4 180	3 731
Interest on borrowings	4 516	3 911
Profit before taxation	1 124	7 238
Taxation	41	1 598
Group profit	<b>1 083</b>	<b>5 640</b>
Earnings per ordinary share	3.59	18.88

### TRADING RESULTS

The audited consolidated group profit before tax for the year amounted to R124 000 compared with a profit of R7 238 000 for the previous year. The group profit after tax for the year amounted to R1 083 000 which is R4 557 000, 81% lower than the profit for 1976.

The following aspects are of importance in reviewing the results:

- Profits on steel products were lower than the previous year as a result of a decrease in despatches due to poor market conditions.
- Lack of orders had an adverse effect on production which in turn necessitated the curtailment of activity on certain production units.
- In consequence of the decline in the demand for castings during the last six months of 1977 there were in despatches than in the previous year which had an adverse effect on profits.
- Veldmaster ended the year with a loss mainly attributed to a lower demand for, and keen competition on foreign markets for its products.
- A sharp reduction in the demand for alumina conductor caused profits for Alcor to be lower than in the previous year.

### DIVIDEND ANNOUNCEMENT

Notice is hereby given that a final dividend of 8 c per R200 share has been declared on the cumulative participating preference "A" and "B" shares for the twelve months ended 31st December, 1977.

Notice is also given that a dividend of 2.5 cents per R share has been declared on the ordinary shares.

Dividends are payable to shareholders registered in the books of the corporation at the close of business on the 11th March 1978.

The transfer books and registers of members will be closed from 18th March to 31st March 1978, both days inclusive and warrants will be posted from Johannesburg and London on or about 20th April, 1978. Registered shareholders from London will receive the United Kingdom cheque equivalent on 11th April, 1978 of the rand value of the dividends.

Any change of address or dividend instructions must be received by the transfer secretaries on or before 17th March 1978.

Non-resident shareholder's tax of 15% will be deducted from dividends where applicable.

By order of the Board  
P. E. BRILL  
Secretary

Transfer Secretaries:  
Consolidated Share Registrars Ltd.,  
62 Marshall Street  
Johannesburg 2001  
(P.O. Box 61061 Marshalltown 2107)  
South Africa

Charter Consolidated Limited  
P.O. Box 102,  
Charter House,  
Park Street,  
Apsford, Kent,  
TN39 5EQ.  
18th February, 1978.

Registered Office:  
General Hertzog Road,  
P.O. Box  
Vereeniging 19

London Office:  
40 Holborn Viaduct,  
London EC1P 1A

# BRITISH STEEL CONSTRUCTIONS (BIRMINGHAM) LIMITED

To: Shareholders, Loan Stockholders and Unsecured Creditors

## CHAIRMAN'S STATEMENT

### TRADING RESULTS FOR THE YEAR TO 31st OCTOBER, 1977

Turnover for the year showed an increase of £1,084,678 from £8,654,488 to £7,739,175. Trading profit before charging interest payable of £241,211 (1976 £295,705) and crediting taxation of £32,914 (1976 before charging £41,000) increased from £285,325 to £389,583, and the net result was a profit of £181,286 (1976 loss £31,380). From this profit, (1976 loss) there is deducted £170,737 (1976 £261,150) in respect of interest unpaid and costs accrued on debt the subject of the informal moratorium, and extraordinary losses of £132,128 (1976 £1,480,390). No final dividend is recommended on the Ordinary shares.

### COMMENT

These results reflected the continued improvement in the affairs of the Group during last year. The Group comprised during the year Barry Staines Limited, manufacturers of linoleum and other floor coverings and Quater-Hall & Co. Limited, designers and manufacturers of mining and materials handling equipment.

During the year the rate of losses within Barry Staines Limited was reduced as were Group central costs. Quater-Hall & Co. Limited continued to trade satisfactorily.

### SUBSEQUENT EVENTS

During the latter months of 1977 Barry Staines Limited encountered problems in receiving payment from its export customers in its principal overseas market — Nigeria. These problems imposed a significant strain on working capital and also restricted production. Additional funds were therefore required if Barry Staines Limited was to continue to trade and application was made to the Government for further support.

Regrettably, this application was rejected and therefore the decision was taken to place Barry Staines Limited into Receivership on Monday, 6th February, 1978. It is to be hoped that some continuation of the business will prove possible as all the employees had given of their best to try to restore the fortunes of this company against considerable odds.

### THE FUTURE

As a result of the collapse of Barry Staines Limited any hope there may have been of trying to create a worthwhile reconstruction of the Group has also collapsed.

Quater-Hall & Co. Limited is continuing to trade satisfactorily but there remains a dispute as to the ownership of the shares which I propose to seek to resolve as speedily as practicable. Following the resolution of this dispute, it would be my intention to dispose of all remaining assets and tax losses; thereafter British Steel Constructions (Birmingham) Limited will present its own petition to be wound up.

During this phase I hope that it will be possible to continue the informal moratorium that has been in force since January, 1976 as no useful purpose would at present be served by liquidation. Creditors will have appreciated from previous information issued to them that the return, if any, from a liquidation will be minimal. I have been keeping the Trustees of the unsecured stocks informed of events and will continue to consult with the informal committee of creditors.

1st March, 1978  
R. W. AITKEN  
Chairman.



# Inco sees no early nickel recovery

By KENNETH MARSTON, MINING EDITOR

Tightening its belt as it is another lean year Canada's nickel producer, Inco, says that there will be some easing of demand for the metal this year. In the past, Inco's nickel production has been hampered by a shortage of supply, but this year the company expects a healthy supply-demand balance to be reached. Inco's nickel production in 1977 was 100,000 tonnes, a 10% increase on 1976. The company's production is expected to reach 120,000 tonnes in 1978. Inco's nickel production is expected to reach 120,000 tonnes in 1978. Inco's nickel production is expected to reach 120,000 tonnes in 1978.

## ONTARIO MAY GET A \$100M COAL VENTURE

Ontario may get its first coal mine, reports the Ontario Government. The Ontario Government has granted a \$100 million loan to a privately owned coal mine in the province. The mine is expected to produce 1 million tonnes of coal per year. The mine is expected to produce 1 million tonnes of coal per year. The mine is expected to produce 1 million tonnes of coal per year.

## NCHANGA STARTS COST CUTTING

High production costs and low copper prices have led to the suspension of underground operations at the Nchanga North Shaft of the Nchanga Copper Mine, reports the Nchanga Copper Mine.

## SAI meets strong demand

The annual report with units, the directors of Scottish Agricultural Industries (SAI) say that the company has met strong demand for its products. The company's production is expected to reach 120,000 tonnes in 1978. The company's production is expected to reach 120,000 tonnes in 1978. The company's production is expected to reach 120,000 tonnes in 1978.

# Western Mining falls

THE AUSTRALIAN group, Western Mining Corporation, has halved its interim dividend in the face of a sharp fall in the half-year profits. An announcement yesterday reflected the deterioration of the group's position.

The interim dividend is 1.5 cents (0.83p), compared with 3 cents at this stage last year and a total of 6 cents for the whole of the 1977 financial year. For the 26 weeks to January 10, net profits have dropped to \$3.5m (13.4m), from \$8.9m in the same period of the last financial year and \$22.1m for the whole year.

Some improvement is expected in the second half of this year, as the group expects higher income from its gold and aluminium interests. But optimism here does not extend to nickel, where WMC states the outlook remains subdued.

## Argentina goes ahead with uranium mine

THE GOVERNMENT of Argentina has announced the start of the development of the Sierra Pintada uranium deposits in Mendoza Province, 1,000 kilometres west of Buenos Aires. Work will start on the project early next year.

The uranium will be used, at least initially, for domestic purposes. It will be supplied to the country's 300 megawatt atomic reactor and other nuclear power facilities, which are being planned.

Nuclear Mendoza, a state company, has signed an agreement with the National Nuclear Energy Commission to set up a plant to process the uranium, the reports from Buenos Aires said.

Sierra Pintada has reserves of 12,000 tonnes of uranium, about half of Argentina's assured national resources on the basis of Commission figures. The total of national reserves is sufficient to provide the fuel for six 300 megawatt reactors for 30 years.

Presumably, an open-pit mine operation is envisaged. The Sierra Pintada reserves cover a wide area—80 by 20 kilometres—but are at a depth of less than 30 metres.

# Canada's gas reserves up

CANADA'S natural gas reserves show a net gain of 1.7 trillion (million, million) cubic feet over last year's estimates and now stand at 78 trillion cubic feet, according to the latest statistics released by the Canadian Petroleum Association.

Reserves of natural gas liquids show a gain of 350m. barrels to 2.1bn. barrels and sulphur reserves have increased by 8.6m. long tons to 118m. long tons. Crude oil reserves, however, have declined by 132m. barrels to around 7bn. barrels. The figures are probably realistic, defined as the most realistic assessment of what can be recovered from existing fields and pools, based on latest known reservoir data.

## EXPANSION IN INDONESIA

Oil exploration expenditure in Indonesia by foreign oil companies should rise to about \$1.5 billion (118m.) during 1978, according to estimates from the Government-owned Pertamina Oil Corporation. Foreign investment in 1977 totalled \$1.5 billion.

# Throgmorton Trust cautious

The output performance of U.K. industry was disappointing over the last 12 months, says Mr. M. Eldersfield in his first statement as chairman of Throgmorton Trust, and in the short term there remains much uncertainty.

The Trust remains committed to the policy of investing funds into small companies, concentrating the selection into investments which have an immediate and above average rate of return, a firm expectation of earnings growth, and therefore dividends, he states.

As already known, pre-tax revenue for the year to November 30, 1977, rose from £2.45m. to £2.75m.

Mr. Eldersfield says that in the past reference has been made to the wide gap in the valuation between easily marketable securities and that of small companies, and that during the year this difference narrowed considerably. Investments totalled £37.5m, against £23.6m and there was an unrealised surplus of £9.4m, arising from the valuation of investments at the year-end, compared with a deficit of £4.6m.

# Educating the Life Assurance Policyholder

In his Statement accompanying the Report and Accounts of The Scottish Mutual Assurance Society which have just been published the Chairman Mr W. R. Ballantyne says:

It is a pleasure to have the opportunity of presenting some brief comments upon another year's business, the first in a new triennium, in which further satisfactory progress has been made by the Society.

## NEW BUSINESS

The activity in the pensions market when added to the continuing high interest in self-employed and sponsored individual pension business, has converted a relatively quiet year for personal life assurance into a very satisfactory one from the point of view of the new business premium income of the Society. This was not, however, a feature of the new business results of the industry as a whole, the new business annual premium income of which in 1977 increased by only 6% over 1976. It is, therefore, a feature of the Society's business that the corresponding figure for our Society was 21%.

Of the Society's total new annual premium income in 1977 of £5m, 50% was accounted for by pensions, a business of one sort or another. In examining our new business figures it has to be borne in mind that in 1976 over 5% of the new business premiums, and in previous years, more than that, arose from policies effected under the Federated Superannuation System for Universities. Because of the introduction of new superannuation arrangements for university staffs, new policies from F.S.U. so far as the Society is concerned, virtually ceased, and there is no prospect of our obtaining further new business from that source.

## THE ACCOUNTS

For the first time we are publishing consolidated accounts which include the results of Scottish Mutual Pension Funds Investment Limited. Through the medium of this wholly-owned subsidiary, managed fund facilities for pension schemes are now offered as a continuation of facilities provided since 1969 within the Society's own long-term business fund in the form of our pension equity contract. The subsidiary company has been established in view of the expansion anticipated and the specialised investment expertise needed. That we are able to offer such expertise there is little doubt, since our investment performance over the last few years has been quite outstanding. This is not just our own assessment. It is evidenced by the ratings given by independent consultants to our unit endowment and pension equity contracts.

The consolidated long-term business fund increased over the year by the very satisfactory amount of £20m in spite of the fact that the total premium income was marginally lower. Single premiums were £1.4m less than in the previous year and the loss of premium income

## PENSIONS AND CONTRACTING-OUT

It was with great relief that we welcomed the decision by the Government in July 1977 to remove the restrictions on improvements in pension benefits which had been imposed as part of the counter-inflationary measures. There was never a very convincing case for including pension schemes in the restrictions in the first place, bearing in mind the savings generated by pension scheme contributions when full-advance funding of the benefits is carried out. Even so, the decision came so late that little time was left for all those who wished to contract out of the new State Scheme to do so. Its commencement date is April 1978 and employers wishing to adapt an existing, or introduce a new, pension scheme for contracting-out purposes, must give their employees three months notice before application can be made for a contracting-out certificate. Even taking account of the emergency arrangements set up by the Occupational Pensions Board for those employers whose documentation cannot be completed in time, there will continue to be a high degree of congestion during the last few weeks before the commencement date.

The pensions organisation of the Society has been very fully engaged in advising employers and discussing with brokers the best course of action for groups of employees. In connection with past State earnings-related schemes, established or proposed, it has usually been possible to advise employers to arrange to contract-out as their best course of action but for this new State Scheme no such general statement of policy is possible. The only advice of general application is that employees of a small employer should not be contracted-out since it is not practicable to make pension arrangements in a small scheme sufficiently flexible to convince the Occupational Pensions Board that the minimum State benefits will always be fully provided in changing economic circumstances.


Small employers are being advised therefore to include their employees in the State Scheme and to supplement the uniform State benefits by private occupational schemes, particularly in respect of death-in-service benefits and lump sum benefits at retirement. Large employers can have a much wider range of options and great care is needed in selecting one which is likely to accord with the needs of the employer and his employees.

## PUBLIC RELATIONS

When the Labour Party's threat to

## LIFE ASSURANCE PREMIUM RELIEF

Another cause for concern to life offices is the change in the method of the granting of income tax relief on life assurance premiums. Hitherto this relief has been granted by the Inland Revenue to the policyholder as a deduction from his tax assessment. After the change the policyholder will deduct the tax allowance from the premium, paying only the net amount to the company which will thereafter recover the tax suffered from the Inland Revenue. The majority of Scottish Mutual policyholders pay their premiums by Banker's Standing Order, mostly by Direct Debit and the amounts of all these will have to be changed to a net-of-tax basis, if the corresponding policies qualify for tax relief. The inconvenience to the life offices and the expenditure of labour involved, which in the end has to be paid for by the policyholders, is not something which the Government regards as important. The system will come into force in 1979 and it is obvious already that the practical



## The Republic of Costa Rica

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CONTINENTAL ILLINOIS LIMITED



## The Scottish Mutual Assurance Society

Head Office: 109 St. Vincent Street, Glasgow G2 5HN.



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## AMERICAN NEWS

## Citizens and Southern in deficit

By Stewart Fleming

NEW YORK, March 1. CITIZENS AND Southern National Bank of Atlanta, Georgia, one of the leading commercial banks in the South, today restated its 1977 earnings to show a loss of \$7.8m. instead of a profit of \$2.3m.

On Monday the President and Chief Executive of the Bank, Mr. Richard Kattel, announced his resignation, saying that it was in the company's best interests for new leadership to take control in view of the burdens of real estate loan losses and his unfulfilled predictions that the Bank was recovering from these problems.

The Bank also announced today that Mr. A. Pratt Adams, the 58-year-old partner in a Savannah, Georgia, law firm, had been appointed to succeed Mr. Kattel as Chairman and Mr. Bennett A. Brown was named President and Chief Executive.

The restatement of 1977 earnings reflected an additional real estate write-down of \$15m. and additional charge to loan loss provision of \$8m.

The Comptroller of the Currency said on Tuesday that the Bank was a well-capitalised and sound institution with \$240m. in capital.

STAMFORD, March 1. GENERAL TELEPHONE and Electronics Corporation (GTE) said it has been informed that Judge Martin Pence of the U.S. District Court for the District of Hawaii has handed down a decision in favour of International Telephone and Telegraph Corporation (ITT) in one issue of a private anti-trust suit brought by ITT against General Telephone.

The decision relates to ITT's charge that the practices of General Telephone's domestic telephone operating subsidiaries in purchasing communications equipment violated anti-trust laws.

ITT alleged the telephone companies of General Telephone improperly favoured products of General Telephone's manufacturing subsidiaries over those of non-affiliated producers which include ITT.

A General Telephone (GTE) spokesman said: "While we have not as yet had an opportunity to review the text of the District Court's opinion, we have been informed that Judge Pence has ruled in favour of ITT on its allegations of anti-trust violations and indicated that further proceedings will be held before the District Court on the subject of remedy."

GTE will take appropriate steps to seek review of those aspects of the Court's decision that are adverse to GTE and its subsidiaries. GTE is confident of the correctness of its position and intends to continue defending that position vigorously," the spokesman said.

AP-DJ

## N. Sea boosts Occidental

By Terry Byland

THE OUTCOME for 1977 at Occidental Petroleum exceeded by a small margin the forecasts made by the Board a month ago. Net earnings for the year are 19 per cent. higher at \$217.5m. with share earnings at \$2.82 against \$2.77. Sales increased by 9 per cent. to \$6bn. The company commented that oil and gas earnings nearly doubled during the year due to crude oil production from the North Sea interests, notably the Piper and Claymore fields.

But in the final quarter, although net earnings at \$75.6m. showed a 6 per cent. rise, share

earnings dipped from \$1.14 to 99 cents and sales fell from \$1.6bn. to \$1.5bn. The Board said that chemical and coal earnings fell back during the quarter. Island Creek Coal Division earnings reflected the onset of the industry-wide United Mine workers strike in December last year.

Occidental said a change in its accounting for exploration will require a restatement of its 1977 and prior years net income. If adopted, net income for 1977 would be reduced by \$53.3m. or 39 cents a primary share and \$48.9m. or 35 cents on primary

share in 1976, the company said. Although the Rule 19 accounting change is not required until December 15, 1978, Occidental said it may elect to apply successful efforts accounting beginning in 1978. Also, under Successful Efforts Accounting, its retained earnings at December 31, 1977, would be decreased by \$321.3m.

The Accounting Change and Restatement will not affect the underlying value of oil and gas reserves, cash flow or the exploration and development programmes.

## Fertilisers boost for Petrobras

By Diana Smith

RIO DE JANEIRO, March 1. PETROBRAS, Brazil's large oil and oil derivative conglomerate, showed a 1977 profit of Cr\$580m. (\$940m.) compared with a 1976 profit of just over Cr. 100m. Sales of products and services rose from Cr. 1,089m. in 1976 to Cr. 1,639m. (\$9,970m.) last year.

This sizeable increase is due mainly, a Petrobras spokesman said today, to the improved performance of subsidiaries set up in 1976. An example here is Petrofertil, involved in fertilisers, for which demand is rising rapidly.

Furthermore, the conglomerate's distributing outlet, Petrobras Distribuidora, now leads the national market, and exports of all oil and oil derivatives rose rapidly in 1977. Offshore production rose by 18 per cent. last year to 14,010,889 barrels annually. Onshore production dropped, however, by 9.5 per cent. to 44,673,373 barrels. Drilling is continuing; offshore explorations have yielded a 35 per cent. rate of success (35 shows out of 263 soundings).

Motorola expects peak results

Motorola Inc.'s integrated circuit semiconductor operations were profitable in 1977, signifying a sharp turnaround in Motorola's fortunes, AP-DJ reports from Schaumburg, Illinois. The group's integrated circuits division lost money in both 1975—staggering \$35m. that year—and in 1976. This led to rumours that the company's semiconductor business was up for sale, but these were denied.

Mr. Weiss declined to make any specific projections but indicated that Motorola expects 1978 results to top last year's record earnings of \$106.5m. or \$3.50 a share on record sales of \$1.35bn.

Westvaco setback

IN THE first quarter ended January 31, net income of Westvaco Corporation dropped to \$10.1m. or 60 cents a share from \$11.5m. or 70 cents a share a year earlier, reports Reuter from New York.

Mr. David Lake, the president, told the annual meeting that Westvaco lost "about \$10m. in sales during the latter part of January and that the weather penalised earnings by about 15 cents a share in January alone."

Allied Chemical higher

Allied Chemical Corp's audited net earnings for 1977 of \$4.82 per share are 12 cents per share above the preliminary \$4.70 per share reported on January 19, due to a reduction in a provision for an anticipated loss on a plant shutdown. Reuter reports from Morris Township.

Allied said in January that preliminary operating earnings were \$125m. before a \$10.1m. non-recurring gain and a \$8.1m. extraordinary charge.

The loss was anticipated for the shutdown of a coke plant near Buffalo, New York State, following the fact that the plant was sold in January to the Tonawanda Coke Company and the loss was reduced.

The company said its independent accountants and had qualified the 1977 financial statements with respect to possible liabilities arising out of the production of kepone, as well as a claim for alleged damages by Arco Steel Corporation for failure to deliver contractual quantities of coke.

Kennedy on IBM

U.S. Senator Edward M. Kennedy said yesterday it may take 20 years for completion of the Government anti-trust case against International Business Machines Corporation and he recommended that Congress act to drastically reduce the time it takes to try such cases, reports AP-DJ from Washington. Senator Kennedy, chairman of the Senate anti-trust sub-committee, added that he would move ahead with legislation to curb the acquisitive actions of giant conglomerates. The Government investigation in the IBM case, which began in 1966, has been in trial since May 1975, and a final decision by 1984 may even be "optimistic," he said.

Eltra sees record

Eltra Corporation expects "record" profits in the second fiscal quarter ending March 31. Mr. Richard E. Leynd, president, told security analysts in New York, reports AP-DJ. This was despite closing 25 of the company's plants for an average of two days apiece due to severe weather this winter. In the same period last year, the company earned about \$10m. or 58 cents a share.

Fruehauf's NETAM bid

Fruehauf International Ltd. will make a public bid of 62.50 Guilders (\$38.9) for each nominal 100 Guilder Ordinary share of NV Nederlandsche Tank-Apparaten-En Machinefabriek (NETAM) not already owned, the companies said in a joint statement, reports Reuter from Rotterdam.

Fruehauf will take over NETAM if it receives acceptance from 90 per cent. of shareholders. It already has 33.5 per cent. stake in NETAM's Ordinary "B" shares. NETAM shares were quoted at 58.00 guilders on the Amsterdam stock exchange today.

## Montedison undertaking a capital reconstruction

By Paul Betts

ALTHOUGH the Turin-based Fiat car group has firmly denied reports suggesting it might take part in an operation to salvage Italy's largest chemical and fibres conglomerate, Montedison, there are now some tentative moves to seek an urgent solution to the dire financial difficulties and structural problems of the Milan chemical concern.

With only two months to go before Montedison's annual general meeting, the Milan chemicals and fibres group, employing about 140,000 people and with accumulated debts totalling more than L3,000m., or about \$3,900m., is attempting to put together a substantial capital reconstruction operation involving some L400m.

The group is also expected to report at its forthcoming AGM in April losses for 1977 in excess of the previous year's loss of L127m. (\$225m.).

While a reconstruction programme for Montedison depends

not only on the outcome of the country's current protracted Government crisis but ultimately on broader proposals for the troubled chemical industry as a whole now being formulated at European Community level, Montedison's large private shareholders have been increasingly active over the past few days.

These shareholders include—directly or indirectly—two of the group's chief Italian chemical rivals—Sig. Nino Rovelli's Società Italiana Resine (SIR) and Sig. Raffaele Ursini's Liquigas group. But both SIR and Liquigas are themselves facing financial difficulties. At the same time, the State ENI Hydrocarbon Holding, which controls Italy's second largest chemical concern, ANIC, holds the biggest single stake in Montedison.

Thus, a solution to the Montedison affair must effectively form the basis of the country's long-overdue reconstruction programme for the Italian chemical and synthetic fibres industry.

Montedison's peculiar private-State share holding, which has of late been increasingly a major point of controversy not only between country's political forces, but also between individual Montedison private shareholders, has subsequently been speculation that Fiat, while holding through the Agnelli interest in Montedison, has subsequently been would take up any increase in the Montedison share-capital wanted by other private holders.

But Fiat told the Financial Times that the company's intention to enter into troubled chemical sector changes in the top management of the Milan chemical group likely to take place should the past few months the already been a widespread internal reorganisation of Edison's management.

## KSH future clouded

By Charles Batchelor

AMSTERDAM, March 1.

THE TROUBLED starch and foodstuffs group, Royal Scholten-Honig (KSH) has no future as an independent company in its present form. It lacks the resources to recover unaided from the financial setbacks of the past few years, the Board says in an interim report.

KSH is currently negotiating with a number of domestic and foreign companies interested in acquiring parts of its business and is managing to maintain operations with the aid of a government guarantee.

The company is unable to present audited accounts for the year ended August 31 because of restructuring which is now going on, means it cannot properly value its assets. Its provisional accounts show a net loss of Fl. 31.5m. (\$14.4m.), nearly double the Fl. 16.2m. loss of the year before.

Before interest payments KSH made a profit of Fl. 14.5m. (\$6.7m.) compared with profit of Fl. 5m. About Fl. 13m. of this was realised on the foodstuffs division with the remainder coming from the starch chemicals division. Net sales rose 9 per cent. to Fl. 594m.

The hopes expressed by KSH's Board at the start of the year

that it would just about break even in 1976/77 were dashed by a series of adverse factors. The continuing world recession and rising costs depressed demand in the paper and textile industries.

KNP better than expected

KON. NEDERLANDSE Papierfabriek (KNP) made a small net profit of Fl. 1.3m. (\$6.4m.) last year. In contrast to the loss it was forecasting as recently as December, KNP made a net profit of Fl. 1.4m. in the first half of 1977 on sales of Fl. 345m., following net profit of Fl. 1m. in the whole of 1976.

The Board is not paying a dividend for 1977 and will transfer net profits to the general reserve. It last paid a dividend of Fl. 8 in 1974.

The 1977 profit was arrived at after writing down Fl. 44.7m. on fixed assets (Fl. 42.6m. in 1976). Net profit per Fl. 25 nominal share rose to Fl. 0.06 from Fl. 0.04 the year before. Cash flow per share was Fl. 20.28 compared with Fl. 19.18. Macmillan Bloedel of Canada holds 48 per cent. of KNP.

## Expansion by Rabobank

By Our Own Correspondent

AMSTERDAM, March 1.

CENTRALE RABOBANK, the Dutch agricultural co-operative bank today announced a further expansion of its activities in the international insurance market. Rabobank will acquire a 50 per cent. holding in the insurance broking company, Bruns, ten Brink and Co. from Slavenburgs Bank. Slavenburgs will retain a 50 per cent. stake.

Rabobank has long been seeking a participation in this area to extend its own activities. It said in a statement issued in Utrecht. In 1976 it reported a strong expansion of its insurance broking business in the life, general accident and holiday sectors.

At the end of that year it em-

ployed 780 specialised insurance advisers, an increase of 48 during the year. Bruns, ten Brink, which has a staff of 58, has been associated with Rabobank for many years. Its contacts abroad will open up further opportunities in the international insurance sector for the bank. Its independence as an insurance adviser to existing clients will not be affected, however, Rabobank said.

The bank, which is the largest in Holland in terms of balance sheet total, is rapidly expanding its range of services. In December it bought a 25 per cent. stake in Van Lanschot, a smallish Dutch bank with strong international links.

## EUROBONDS

## Sterling bond for Citicorp

By Francis Ghillie

A NEW sterling issue launched last night: a 15-year bond for Citicorp, rated coupon is 10 per cent. A sinking fund starting from the first year will bring the average life of the bond to 12 years. Lead manager S. G. Warburg.

This is the first sterling issue nominated bond for a triple AAA by both rating agencies and the longest maturity. Citicorp's policy to external capital raising is also hereby confirmed. It last paid a dividend of Fl. 8 in 1974.

The starting sector was yesterday and in the sector prices were a shade! Some cheap bargain in seem to be getting active.

Nippon Credit Bank's five year floating rate note been priced at par by manager Daiwa Securities, the minimum coupon rate cut by a quarter of a point 5 1/2 per cent. The notes will be issued at a semi annual interest rate of 5 per cent. which will be 1/2 to the Singapore six month bank rate.

The Deutschmark sector the market was steady yesterday with turnover down on the two days of the week. domestic market was also strong. A private placement of DM for Thailand is expected this week.

In the Guilder sector, Netherlands Antilles Fl. 250m. per cent. debenture issue 1980-2003 was priced at par lead manager Algemene N. land.

## AMERICAN QUARTERLIES

Fourth Quarter	1976	1977
Revenue	\$23.5m.	\$24.4m.
Net profits	\$70m.	\$1.1m.
Net per share	1.04	0.68
Year		
Revenue	\$152m.	\$149m.
Net profits	\$4.8m.	\$1.1m.
Net per share	3.37	2.26

Third Quarter	1976	1977
Revenue	\$20.5m.	\$19.1m.
Net profits	\$1.1m.	\$1.1m.
Net per share	0.70	0.68
Year		
Revenue	\$70.9m.	\$64.1m.
Net profits	\$4.3m.	\$1.1m.
Net per share	2.61	2.53

Year	1977	1976
Revenue	\$1.53bn.	\$1.39bn.
Net profits	\$138.2m.	\$130.4m.
Net per share	1.81	1.71

Second Quarter	1976	1977
Revenue	\$68.1m.	\$37.4m.
Net profits	\$6.4m.	\$1.3m.
Net per share	3.85	3.24
Year		
Revenue	\$1.0m.	\$16.5m.
Net profits	\$8.7m.	\$1.7m.
Net per share	4.85	4.26

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.

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£12,000,000

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Barclays Bank International

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Midland Bank Group

National Westminster Bank Group

The Royal Bank of Scotland

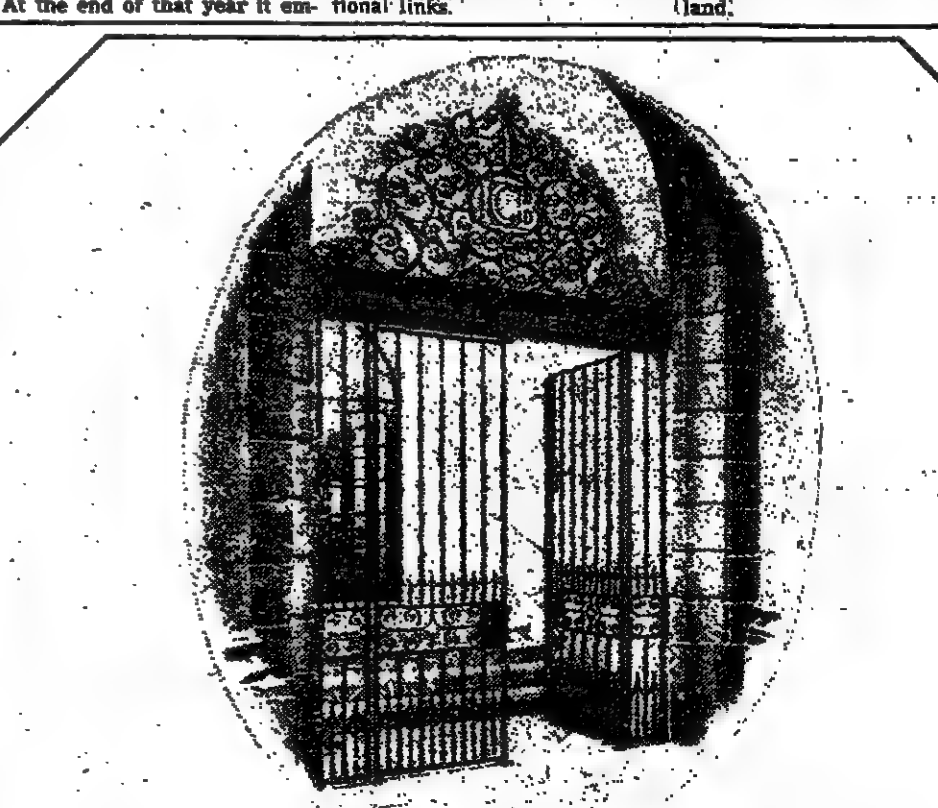
Limited

The 12,000 Bonds of £1,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange of the United Kingdom. Interest is payable annually on 15th March, the first such payment being due on 15th March, 1979.

Particulars of the Bonds are available from Exel Statistical Services Limited and may be obtained during normal business hours up to and including 16th March, 1978 from:—

Hoare Govett Limited,  
Atlas House,  
1 King Street,  
London EC2V 8DU.

2nd March, 1978.



## Extract from Audited Accounts 31st December, 1977.

	1977	1976
Share Capital and Reserves	£3,000	£3,000
Subordinated Loans	17,347	15,302
Deposits	12,536	13,418
Total Assets	423,822	444,437
Consolidated pre-tax profit	487,753	504,977
	6,067	4,572

A British bank which specialises in medium term lending in all currencies

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The Hongkong and Shanghai Banking Corporation  
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The First National Bank of Chicago  
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On March 2nd the ABN Bank  
opens a branch in San Francisco,  
introducing Dutch expertise to the  
Bay Area, trading centre of  
America's most prosperous state—  
California.

Dutch expertise that's known  
the world over. Because the Dutch  
are everywhere. Five of the world's  
biggest companies are Dutch.

Dutch tugboats tow ships safely over the five oceans.  
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Holland is too small for the Dutch.

Does it surprise you then that a Dutch bank, the  
ABN Bank, has branches in almost every financial  
and trade centre in the world?

And from now on, also  
in San Francisco.

The Dutch are globe-trotters.  
They have to be, if their small country is  
to mean anything in the world. They  
have been building, transporting and  
trading in foreign lands for centuries.  
So has the Algemene Bank Neder-  
land in 40 countries on the five conti-  
nents. Supporting local as well as inter-  
national banking needs. They know the  
right people, the languages, the markets,  
due to their 150 years of international  
business and banking experience.

In the United States the ABN Bank  
already has offices in New York, Chicago,  
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And, from March 2nd, in San Francisco!

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601 California Street, California 94108,  
telephone (415) 362-3100, telex 34-766.

London, Chief Office, 61 Threadneedle Street,  
EC2P 2HH, P.O. Box 503,  
telephone (01) 628 4272, telex 887366.



Golden Gate Bridge San Francisco

# ABN Bank

The ABN Bank has offices and subsidiaries in: The Netherlands, Ireland, Great Britain, Belgium, France, Federal Republic of Germany, Switzerland, Gibraltar, Italy, Greece, Turkey, (Cyprus), Lebanon, Saudi Arabia (Al-Bank Al-Saudi Al-Jazirah), United Arab Emirates, Bahrain, Iran (Mazra'eh Bank of Iran and Holland), Pakistan, India, Malaysia, Singapore, Indonesia, Hong Kong, Japan, Morocco (Al-Bank Al-Maghribi S.A.), Kenya, U.S.A., Canada, Netherlands Antilles, Suriname, Venezuela, Panama, Australia, Mexico, Operating under the name Banco Holandes in Argentina, Uruguay, Paraguay, Brazil, Peru, Ecuador, Colombia.

## INTERNATIONAL FINANCIAL NEWS

### Sharp lift in Bank Leumi earnings

By L. Daniel

TEL AVIV, March 1

THE BANK LEUMI group—Israel's oldest and largest banking institution, which according to its balance sheet ranks 88th among the world's 100 biggest banks—will pay an unchanged dividend of 16 per cent. cash in respect of 1977, together with bonus shares at the rate of 33 per cent. (20 per cent. in 1976) to its 200,000 shareholders.

However, this will account for less than 40 per cent. of its net profit, with the other 60 per cent. to be used to strengthen reserves. In line with its policy of broadening its capital base in the face of the depreciation of the Israeli pound and the 42.5 per cent. rise in the Israeli cost-of-living index.

Consolidated net profit, including extraordinary items, rose 138 per cent. to 155,339,000 (S\$4m.) in 1977, from 122,286,000 in 1976. Parent bank profits were 123,896,000, against 151,832,000.

The Bank Leumi group, headed by Bank Leumi, is Israel, increased its capital funds by over 100 per cent. in 1976 by two major issues in Israeli currency as well as by floating a second \$30m. note issue through its auxiliary subsidiary and by increasing the capital funds of its New York State-incorporated subsidiary by a further \$10m. This brought its capital to over \$240m., or to \$260m. if non-convertible notes are included, according to director Mr. Ernst Japhet.

Pride

The group prides itself on the fact that the foreign exchange element in its consolidated balance-sheet exceeds 50 per cent. This includes both the group's subsidiaries abroad, its foreign branches and representative offices, as well as the foreign exchange accounts of non-residents and of residents held in Israel with the parent bank. If the latter are excluded (mainly German reparation or pensions and new immigrants' accounts) the foreign exchange component in the overall balance-sheet is around 40 per cent.

As a result of this, and despite the devaluation of the Israeli pound in 1977 (by 76 per cent. against the U.S. dollar and by 96 per cent. in relation to the Deutschmark), the group increased its balance-sheet total from 129,339,000 at the end of 1976 to 155,339,000 at the end of 1977, when the exchange rate was 1:151.75 to the dollar.

Only 15 per cent. of the group's assets are represented by unlinked Israeli pounds. It now has 300 branches and offices, 36 of them abroad, its international business having undergone a considerable expansion due to bigger foreign trade and the more liberal foreign exchange policy of the Likud Government. Its foreign subsidiaries accounted for 31 per cent. of the consolidated balance sheet.

Expansion

Asked by the Financial Times for his opinion on the Israeli Government's decision to permit the issue of bonds linked to both the cost-of-living index and the U.S. dollar, Mr. Japhet said while he was fully in agreement with the Bank of Israel's desire to encourage savings and soak up surplus purchasing power, he regarded the step as regressive. Instead of reducing the burden of payments at redemption time stemming from the linkage (payments which this year account for a larger proportion of the State budget than does defence), the new bonds would further increase this indebtedness, thus swelling the budget and accelerating the inflationary process.

### KLK profits soar in 1977

By Wong Sulong

KUALA LUMPUR, March 1

PROPELLED BY an increase in oil palm output, and strong commodity prices, Kuala Lumpur Kepong, the giant Malaysian plantation company last year saw its profits soar.

Net profit for the year ending in September 1977, rose to 24.5m. ringgits (S\$10.6m.) from 9.5m. ringgits in 1976.

The company is paying out a final dividend of 7.5 per cent. making the total dividend for the year to 12.5 per cent. (10 per cent. in 1976).

The company's palm oil estates proved the star performers, earning trading profit, before tax of 30.4m. ringgits.

Production of palm oil and kernels was 47,700 tons and 10,200 tons, respectively, compared to 38,000 tons and 8,500 tons in 1976.

Selling prices for oil and kernel were 1,314 ringgits and 870 ringgits per tonne, increases of over 50 per cent. and 60 per cent. respectively, compared with 1976 prices.

The company has 20,000 hectares of oil palm. The matured area increased from 60 per cent. in 1976 to 69 per cent. in 1977, and the company expects a much higher volume of production as its newly-opened estates in Johore come into maturity.

For the current financial year, KLK says, it does not anticipate the same profits as last year, due to lower oil palm prices, but it is confident that profits will be much higher than those of 1976.

### AUSTRALIAN NEWS

## Property sector hits IAC profit

By JAMES FORTH

IAC (HOLDINGS), the finance company and subsidiary of Citicorp, incurred an operating loss of \$481.5m. (S\$58.7m.) in 1977—a legacy of the collapse of the property market in 1974—but believes that the worst is over. The directors expect the group to incur further losses in the first half of 1978, but foresee a return to profit in the second half, although they are not willing to predict a profit for the full year.

The loss came entirely from property activities, but there was a sharp reduction in losses in the second half.

The IAC result compares with a loss of \$443,000 in 1976. The directors have taken into account a future tax benefit of \$23.5m. and declared a net loss of \$27.99m., compared with a profit of \$1.06m. in 1976.

Two weeks after announcing the 1976 result, the U.S. parent, Citicorp, announced a takeover offer to buy out the remaining Australian public holding in Citicorp, because the property market had deteriorated further with the collapse of the Parkes Development Group, and plans by other badly affected groups to do little better than break even.

AMI suffered a 59 per cent. drop in earnings for the December half-year, but still performed better than many competitors in the automotive industry. AMI, which assembles and distributes Toyota and Rambler vehicles, reported a profit of \$1.02m. (S\$1.5m.) compared with \$2.78m. in the same previous period.

The directors place most of the blame on the Victorian power strike last year, which reduced turnover from \$131m. to \$124m. (S\$1.43m.), rather than the depressed market for new vehicles. Total registrations slumped in 1977 to the lowest level for years, forcing the Government to lengthen tariff and quota protection for the local manufacturers and to consider widening the protective net.

General Motors-Holden's recently reported a loss of \$48.4m. for 1977—its first deficit since starting local operations in 1948—while Chrysler reported a \$225m. loss. Nissan is also expected to report a loss, and Ford

to accelerate their property sales. Citicorp warned that heavy provisions for possible losses in property would be needed. It turns out that a total of \$443.77m. was provided for possible real estate losses.

Of these, \$23.39m. were provided in the first half and \$411.2m. in the second half.

Since Citicorp was forced to rescue IAC in 1974 by pumping in about \$1,150m., the finance had run up real estate losses of around \$115m. The directors have switched the emphasis to other activities and the importance of property is now declining rapidly. Real estate loans at December 31 totalled \$231.8m. or 31 per cent. of gross receivables, compared with 37.5 per cent. last year, and 48 per cent. at the end of 1975.

The most marked improvement, however, was the reduction in property loans on a non-accrual basis. At December 31, these loans totalled \$283m. and would have cost the group about \$12m. in 1977 in interest forgone.

Because of the loss no dividend will be paid for 1977. In 1976 shareholders received 7.5 cents a share.

## Downturn at AMI

By OUR OWN CORRESPONDENT SYDNEY, March 1

AUSTRALIAN Motor Industries (AMI) suffered a 59 per cent. drop in earnings for the December half-year, but still performed better than many competitors in the automotive industry. AMI, which assembles and distributes Toyota and Rambler vehicles, reported a profit of \$1.02m. (S\$1.5m.) compared with \$2.78m. in the same previous period.

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Ansett Transport

ANSETT Transport Industries, the airline, transport, television, manufacturing and hotel group, lifted earnings 12.4 per cent. from \$9.5m. to \$10.7m. (S\$12.2m.) in the half-year to December, but the directors cautioned that it was most difficult to predict with any certainty the overall performance of the group for the second half.

Profit failed to keep pace with the growth in sales, which increased 14.6 per cent. from \$224m. to \$257m. (S\$298m.).

The interim dividend is lifted from 4.5 cents a share to 5 cents. Last year the company paid a final dividend of 5.5 cents, making a total payout of 10 cents.

## News in pastoral move

By OUR OWN CORRESPONDENT SYDNEY, March 1

INTERNATIONAL Newspaper and media group, News Limited, has diversified into the pastoral industry with the \$24.5m. purchase of seven Merion sheep stud properties.

News bought F. S. Falkner and Sons, Proprietary from Cleckheaton, the textile group. The Falkner group has been established for more than 100 years and was bought by Cleckheaton in 1971 for \$2.6m. The deal includes two world-famous studs, Boonoke and Wanganella in New South Wales.

The chief executive of News, Mr. Rupert Murdoch, said the group was pleased at the pro-

spect of diversifying into the Australian pastoral industry. "We have confidence in the pastoral industry, and we look forward to a continuation of the existing and successful policy in developing the best possible sheep," he said.

Cleckheaton, a textile group, is part of its plan to reduce its short-term liabilities and to invest more in the textile industry. Cleckheaton had been considering the sale of the properties for about six months and negotiating with News Ltd. for two months. The directors were pleased the stud complex would be maintained by a big organisation such as News Ltd.

### Hindustan Lever spreads shares

By R. C. Muth

BOMBAY, March 1

HINDUSTAN LEVER, the wholly owned subsidiary of Unilever, has completed public issue worth Rs. 1,000m. as a result of which it now has the largest number of shareholders of any company in India.

The company made its last result of which 10 of shareholders receive 9 to bring down its equity holding to 100 per cent. to comply with the Foreign Exchange Regulation Act (FERA) under the foreign companies must "divulge" their ownership in a phased manner.

Hindustan Lever is among companies unlike national business. It and Coca Cola, which wound up business in 1977, stipulations and is pre discussing with the Government the extent to which foreign equity is to be withdrawn. FERA, this is possible foreign-owned companies, acceptable expansion or contraction either in "export-oriented" units or combination of both.

Hindustan Lever is principally consumer product company and had a turnover of Rs. 2,150m. in 1976. It has posted additional investment of Rs. 276.4m. (of which Rs. 20m. obtained from public issue will be used in areas to comply with the Government requirements).

New investment is in three sectors: an export-oriented unit, which has on stream recently, 4 synt detergents plant in Jaipur and Kashmir, and a Rs. 2 sodium triphosphate (STP) project in West Bengal.

Further dilution of the capital base is a necessity to conform to FERA. The company wants to raise at least 51 per cent. foreign funds. The process developed by the company to issue certain non-dividend shares in soap making, says Mr. Thomas, chairman of Hindustan Lever is "sophisticated technology."

### Expansion at Tribeni

By P. C. Mahanti

CALCUTTA, March 1

TRIBENI Tissues, the subsidiary of the U.K. Wythe Group Ltd., has completed an expansion of its plant, raising installed production capacity to 12,500 tons of cigarette tissue and of specialty papers per year. The company has also been a further licensee to 5,000 tonnes more of its ducts without having to its foreign equity, which present is 51 per cent. of total share capital.

According to Mr. R. M. Mahanti, managing director, the company fulfils the three conditions of the Indian Foreign Exchange Regulation Act, which allows subsidiary foreign companies to in 51 per cent. foreign equity. The conditions involve use of rare technology, coretors of industry and a minimum export obligation.

# The Wobaco Group

## 1977 Highlights

	1976 (US\$000)	1977 (US\$000)
Loans	585,553	635,848
Deposits	959,017	959,783
Total Assets	1,012,544	1,023,058
Net Profits	5,061	5,891
Share Capital	21,600	21,600
Total Capital Funds	31,610	37,501



### MEMBER COMPANIES

Wobaco Holding Company S.A.—Luxembourg  
World Banking Corporation Limited—Nassau  
World Banking Corporation S.A.—Luxembourg  
World Banking & Trust Corporation (Cayman) Limited—Grand Cayman  
Wobaco Trust Limited—Nassau  
Wobaco Trust (Jersey) Limited—Jersey, Channel Islands  
Wobaco Investments Limited—London







## BOOKS OF THE MONTH

Announcements below are pre-paid advertisements. If you require entry in the forthcoming panels application should be made to the Advertisement Department, Bracken House, 10 Cannon Street, EC4P 4BY. Telephone 01-248 8000. Ext. 7064

## Labour Force Participation and Development

Guy Standing

Surveys economic factors that induce mainly women—but also the very young as well as the elderly—to seek gainful employment; main factors observed are correlates of economic growth.

ISBN 0-2101709-9 (hard cover) £8.90  
ISBN 0-2101709-2 (himp cover) £5.95

## International Labour Office

## Labour Force Participation in Low-income Countries

Edited by Guy Standing and Glen Sheehan

Includes case studies related to five Latin American countries, one Caribbean, four African, seven south-east Asian and one European country; investigates education and family income factors which induce women to work.

ISBN 0-2101811-3 (hard cover) £7.50  
ISBN 0-2101812-1 (himp cover) £3.00

## International Labour Office

## The Determinants of Labour Force Participation in Yugoslavia

M. Rasevic, T. Mulina, M. Macura

Surveys general economic, social and demographic trends in Yugoslavia, 1955-1971. It describes changes in economic activity, examines marital and educational characteristics and describes the influence of development and employment policies.

ISBN 0-2101900-4 £3.35  
International Labour Office

## The International Monetary System

Robert A. Mundell and Jacques J. Polak, Eds.

Emerges from IMF Conference November 1976. Deals with national and international authorities' role in flexible rate systems, and central bank international liquidity. Contributors: O. Emissioner, P. A. Volcker, R. Giersch, G. Haberler, R. Triffin, F. Magill, R. Solomon.

Columbia University Press, N.Y. \$13.95

## Butterworths Company Law Handbook

Ed. Keith Walmsley

Similar in style to the popular Orange Book, this new title contains the plain text of all the relevant legislation in a manner designed to enhance its everyday utility.

Butterworths  
Limp 0-406-14310-2 £7.00 net (U.S.\$14.00)

## Managing a Partnership Office

D. H. S. Harrowes

This new book gives practical guidance to professional people concerned with improving the efficiency and profitability of their partnerships. From recruitment to salary structures, office location in management philosophy, everything is included.

Butterworths  
Limp 0-406-22322-0 £4.00 net (U.S.\$8.00)

## Fire and Motor Insurance

Third Edition, 1978

E. R. Hardy Ivamy

This clear and informative text is well set out in short, readable paragraphs, with ample sub-headings, numbered points and liberal footnotes. It is a valuable reference work for all those involved in insurance law and policy.

Butterworths  
Casebound 0-406-22322-1 £18.00 net (U.S.\$36.00)

## Kitchen's Road Transport Law 1978

Nineteenth Edition, 1978

Ed. James Duckworth

This popular annual has been completely updated to take account of new laws and regulations (for example, on tachographs) and continues to provide a clear and straightforward interpretation for non-lawyers.

Butterworths  
Limp 0-406-26463-4 £6.95 net (U.S.\$14.00)

## Taxation of Land Transactions

Second Edition, 1978

A. R. Mellows

This much expanded second edition describes the principles and practice of the various taxes which apply to land transactions for all who wish to minimise the tax and duty payable.

Butterworths  
Casebound 0-406-62301-0 £18.50 net (U.S.\$37.25)

## European Research Index

Directory of establishments conducting, promoting or encouraging research in science and technology including agriculture and medicine. Completely revised and enlarged, covering government and independent research establishments, university research departments and research laboratories of industrial firms.

Francis Hodgson  
West Europe: (2 vols.) Swiss Frs. 400.00  
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## Who's Who in Atoms

Completely revised edition of this international guide now to its 17th year of publication. Listing about 10,000 leading figures in the nuclear field at national and international level.

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This guide to British science and technology is now in its 30th year of publication. The 8th edition is completely revised. Fully indexed.

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Swiss Frs. 90.00

## Guide to Employment Conditions

Second Edition

Robert Porter

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12,000 biographies of outstanding men and women from more than 70 countries.

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## Guide to Price Controls 1977-78

Robert Willott

This work analyses the Price Code and its implications, explaining how the investigatory procedures work, when a price is likely to be scrutinised by the Price Commission and the grounds for starting an investigation and restricting prices.

Quinta Publishing and The Institute of Chartered Accountants in England and Wales £5.50

BOOKS  
Monitoring the enemy in wartime

BY C. P. SNOW

Most Secret War: British Scientific Intelligence, 1938-45, by R. V. Jones, Hamish Hamilton, £5.95, 556 pages

Practice To Deceive by David Mure, William Kimber, £6.50, 370 pages

Many people have a romantic picture of spying. Quiet figures in mackintoshes lurking under the neon lamps, picking up secrets which affect the fate of nations, dropping those secrets in holes in trees, at mortal risk from other quiet figures, slightly different, however, usually Slavonic. Some of that old-fashioned espionage still goes on. But not many secrets which actually affect the fate of nations have been discovered like that.

One isn't popular when one gives an alternative scenario—an extremely complicated set of electronic equipment working away on messages transmitted by another extremely complicated set of electronic equipment: results passed to a series of thoughtful-looking men sitting in their offices; then (in wartime) thoughtful-looking men persuading military persons to believe what they are told. By the side of that studios—and profoundly ingenious—process, old-fashioned espionage hasn't had much of a look-in for the last 40 years.

Here, however, is a singular exception, in a book which it would be hard to overpraise. Through the nature of his work, Professor R. V. Jones in the last war was obliged to be close to old-fashioned espionage, though he was at the same time guided by new-style intelligence also. He was engaged in the actual technical detail of the German air war. To come with that, he had to discover the fine structure of what the new German weaponry, and uses his wide reading,

were like, and how they were going to be used. That meant photographs, specimens, scraps of knowledge collected, often at mortal cost, by gallant underground workers all over Europe; and it meant one man with a quite abnormal and specific intuition into what those random facts added up to, and how, in our own military terms, the problems could be solved. It is a wonderful story, and, splendidly told. It is a help if the reader knows a little practical physics, but no one should be put off. It is scientifically ignorant. The exposition is beautifully lucid, and the story is, in many ways, the most interesting of all the records on our side of the last war.

R. V. Jones himself is as interesting as the story he was responsible for in the 1930s. He was a young research student in physics, working at Oxford. Though he was extremely clever, he was different in kind from any literary intellectual one can imagine. He was certain war was coming. He was determined to help win it. His father had been a non-commissioned officer, and a very brave one, in the Brigade of Guards. Jones possessed the same unquestioning military virtues.

The young man had no more doubts about his duty than a good soldier had. He was a radio amateur, and he knew he had a flair for the kind of gadgetry which was bound to be vital in the coming war. He also had a regrettable passion for practical jokes, the memory of which still fills him with hilarity. The only disarming aspect of his personality as revealed in this book is his highly literate, writes with delicacy as well as masculine vigour, and uses his wide reading,

with elegant effect—except didn't impede him much. He just took a whole great swathe there, is no novel of Jane Austen's called "Miss Woodhouse".

Anyway, in his mid-20s, he travelled round Germany casting an interested eye at wireless installations. He persuaded a friend and ally to do more of the same. He reflected. He gave up his pure research, and made it his business to discover what was happening in our government establishments. In 1939, at the age of 29, he forced himself into scientific intelligence at the Air Ministry. He was very junior in the official hierarchy, and remained so during some of the most valuable of his wartime exploits. In critical times; that



R. V. Jones, intelligence expert who was almost never wrong

He was a remarkable young man, and remarkably confident. He had a great deal to be confident about. He knew that he could do this job better than anyone around. In fact, he didn't doubt that, in the sense which he judged necessary, no one else could do the job at all. He had absolute devotion, he had a computer-like memory (an essential quality for most kinds of intelligence), and acute insight into technical detail. His generalising power may not have been as great as that of the major academic scientists, but that wasn't required. From the record, he seems to have made no serious mistakes. Occasionally his timing, as he had the German V-weapons, may have been a little out, but everyone else's was much more so.

His earliest spectacular success was to discover the German method for directing bombers by intersecting radio beams. This was a technical detail. His Churchill in his war memory—the young man Jones confronting all opposition, and being proved right. Of course, he made enemies, he was positive, arrogant, and worst of all, he had a maddening habit of almost never being wrong.

It is a little sad that, after six years of such work, he felt ill-used. He is, on the whole, fair and generous to those who got in his way; but he did want after the war to be in control of the Ministry of Defence, that is, to be the supreme boss of military scientific intelligence. He went away from Whitehall, and has

spent 30 years as Professor of that, applies. Second, because of its secrecy, such is in the public sense, mis-rewarded. If honours mean anything, then perhaps, as people think, the source of secret research ought to have been hand repaid on paper, just to how much we were in the Most of those are now Jones is very much alive ranks high in any such dozen and with him, at there is still time to debt.

Jones' work has been part, well known, and no room for scepticism at. Practice To Deceive is, a rate for me about a kind of secret research, that I am moderately certain of. First, heard almost nothing—anyone concerned is convinced that his own kind of secret work is, irrespective of his own importance within it, the most valuable of all. The more clandestine the work, the more something of a revelation.

## Battered people

BY SARAH PRESTON

Web of Violence. A study of family violence by Jean Renvoize. Routledge and Kegan Paul, £4.55, 240 pages

"If a child is not safe at home, he cannot be protected by case-work," is a dictum often quoted by social workers. It was made by Professor Henry Kempe, the American expert on child battering, and it is equally true of other victims of family violence, a grim account of wife-beating, child abuse, granny-bashing and incest.

Jean Renvoize has performed a useful service by drawing together in one volume some of the evidence about problems which are usually looked at separately but which share the same roots and present similar difficulties to those who are trying to counter their effects.

Domestic violence is not new. Wife-beating is older than the jokes about it. Cruelly to children is abhorrent but has always existed and King Lear was not the first old man suffering from senile decay to receive more than he deserved at the hands of his own daughters. The difference today is that people live in isolated units, and that several generations of a family often lived in the same house or in the same area and could give each other support in every day matters. A woman there used to spend more than half her life at home, raising a family, her life she spends half her life projects.

## U.K. ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering output, retail sales volume (1970=100); retail sales volume (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s), seasonally adjusted.

	Ind. prod.	Eng. output	Manuf. output	Retail vol.	Unemp.
1977	103.3	103.3	111	103.2	316.4
1st qtr.	102.0	102.0	108	102.6	322.2
2nd qtr.	102.5	102.5	108	104.6	324.9
3rd qtr.	101.5	101.5	108	104.9	329.6
4th qtr.	102.6	102.6	118	105.2	336.7
Aug.	102.4	102.4	106	103.9	335.7
Sept.	101.2	101.2	105	103.3	335.2
Oct.	101.3	101.3	99	103.6	337.2
Nov.	101.1	101.1	99	107.0	346.3
Dec.	101.1	101.1	99	107.0	346.3
1978				106.0	1,419
Jan.					1,408

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, manufacturing, textiles, leather and clothing (1970=100); building output (1970=100); monthly average.

	Consumer goods	Invest. goods	Int. goods	Eng. output	Manuf. output	Textile & clothing
1977	116.4	99.0	106.2	100.2	83.9	105.1
1st qtr.	113.3	97.9	105.0	98.9	80.4	99.3
2nd qtr.	115.2	97.8	104.7	99.2	83.3	101.4
3rd qtr.	116.1	97.1	101.2	98.9	74.2	100.1
4th qtr.	115.0	98.0	105.0	99.0	79.0	100.0
Aug.	113.0	97.0	103.0	99.0	83.0	102.0
Sept.	113.0	97.0	103.0	99.0	83.0	102.0
Oct.	113.0	97.0	103.0	99.0	83.0	102.0
Nov.	113.0	97.0	103.0	99.0	83.0	102.0
Dec.	113.0	97.0	103.0	99.0	83.0	102.0

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms of trade
1977	115.7	109.1	-849	-835	-800	99.0
1st qtr.	117.2	108.8	-789	-751	-745	100.1
2nd qtr.	124.2	108.4	+46	+495	-603	100.9
3rd qtr.	117.9	102.7	+46	+300	-657	102.7
4th qtr.	125.9	107.5	+46	+202	-207	101.6
Aug.	119.6	101.4	+55	+210	-228	102.1
Sept.	115.2	98.5	+71	+216	-154	102.7
Oct.	115.9	108.1	-71	+74	-275	103.4
Nov.	115.9	108.1	-71	+74	-275	103.4
Dec.	115.9	108.1	-71	+74	-275	103.4
1978	112.7	114.4	-324	-179	-236	106.4

FINANCIAL—Money supply M1 and sterling M3, bank advances, sterling to the private sector (three months' growth at annual rate); domestic credit expansion (Em.); building societies' inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1	M3	Advances	DC	BS	HP
1977	1.2	3.8	5.3	1,357	492	326
1st qtr.	2.7	15.2	5.6	2,040	1,290	351
2nd qtr.	3.7	14.9	20.2	473	1,084	393
3rd qtr.	21.3	14.1	5.2	247	1,565	407
4th qtr.	36.2	14.9	20.2	122	462	396
Aug.	35.6	17.0	4.9	336	590	382
Sept.	41.5	19.5	6.1	297	554	425
Oct.	21.3	14.1	8.3	107	421	414
Nov.	21.3	14.1	8.3	107	421	414
Dec.	21.3	14.1	8.3	107	421	414
1978	24.4	16.5	13.4	354	388	

INFLATION—Indices of earnings (Jan. 1976=100), basic materials and fuels, wholesale prices of manufactured product (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings	Basic m.	Wholesale m.	RPI	Foodst.	Comdty.	Strl
1977	112.5	341.5	245.0	174.1	184.7	276.4	61
1st qtr.	114.3	347.7	253.2	181.9	191.1	250.9	61
2nd qtr.	116.1	340.5	267.1	184.7	192.1	239.9	61
3rd qtr.	118.9	330.8	272.1	187.4	193.3	234.20	61
4th qtr.	118.6	338.1	269.2	185.7	192.5	241.6	62
Aug.	117.9	323.4	271.0	186.5	192.3	236.38	62
Sept.	120.1	329.9	272.0	187.4	192.8	235.24	63
Oct.	121.6	326.7	273.0	188.4	194.8	234.20	63
Nov.							
Dec.							
1978							
Jan.	326.4	276.9	189.5	196.1	226.41	66	
Feb.					224.86	65	

\* Not seasonally adjusted.

## Game played with rules

BY ROBIN LANE FOX

Janus: A Summing-Up by Arthur Koestler. Hutchinson, £8.95, 384 pages

Arthur Koestler's life does not fall into two neat halves, the political, then the speculative. There is a break in his political prisoner in Spain and the author nursing for 25 years on the theory of the sciences and the mind. One life led naturally into the other. Experiences during the Spanish Civil War raised for him the question of freedom and man's responsibility, group identity and the possibility of extra-sensory perception. The totalitarian picture of man as a counter to a mechanical universe, was seen beside the dogma of evolution through chance. Science's laws became working hypotheses, waiting to be challenged in his *Darkness at Noon* and *The Invisible Writing* he first enlarged on these personal events, political and mental. Bold imagery and a marvelously lucid style make these books the work of a master. What, though, of their more speculative successors to which this book is less a new addition than an heir on a slightly wider canvas?

I fear I cannot assess the scientific paradoxes with which he continues to harass the "dogma" of evolution through "chance" and natural selection. Scientists, however, received his last piece, centred on a reopening of the closed case of the "midwife" with an amused

disdain which, on balance, seemed justified. It did not emerge from the facts of that case that the inheritance of acquired characteristics had been established, then ignored by a hostile academic world. Darwinism, however refined, is still a theory, the position that it could never be refuted by experiment because its evolution, through blind chance "operates over the vast stretches of geological time."

True, other views could resort to this. True, there are changes in the air. Darwinists are now aware that viruses, for instance, can be "external" threats, and that hereditary changes in a cell. But that still does not refute the central emphasis in Darwin's selection by "chance" any more than the evolution of something as complex as an eye or the callouses on an ostrich's feet have the full force as pre-fabricated, which Koestler at times would assume. Janus is indeed a summing-up, both of Koestler's own published work and the structure of man. Its central position is that evolution is a splendid game, not a free for all. Like all games it played according to "fixed rules" which limit its possibilities, while allowing variations. These rules are "inherent in the basic structure of living matter."

Any claim to discern these at this point in our knowledge must be incredibly bold. Not so for Koestler, who has written with the spectacle of man equipped with

a brain "developed in advance of the needs of its possessor." (Needs? In advance of? The terms are notoriously subjective.) That such an animal should now be armed with the atom-bomb seems to him to be a horrible. Worse, man is a split personality. Koestler's view, his "new excessive" brain is acting against the "old" recalcitrant one.

"The history of science, philosophy and art is thus the slow process of the mind learning to actualise the brain's potentials. The new frontiers to be conquered are 'in the convolutions of the cortex.' The old brain, most of the time, acted as a brake on the new. This biological sort of explanation is basic to Janus. Just as our basic units, molecules, are conjectured by Koestler to "face" two ways at once, looking in themselves and also to a place in a hierarchy, so man, the macrocosm, faces in two directions, looking to himself—the "self-assertive" side—and to his wider group—the "integrative" side. Given our knowledge, this is pure conjecture, a baroque turn which states a fact. As an explanation, it is partial, if true at all.

Historical and social contexts are surely, too, very relevant. That man thinks of himself and, necessarily, his relation to others and that each view works on the other, is a familiar theme, better approached (to my mind) as a study of psychology with the empirical studies of social



# FINANCIAL TIMES SURVEY

Thursday March 2 1978

## WORLD DEFENCE INDUSTRIES

Although there have been efforts in some countries in recent years to restrict spending on defence for a variety of both political and economic reasons the overall volume of money spent on armaments of all kinds continues to rise.

**THE YEAR** spending on manufacturing in all its manifestations has always been a feature of the world's industrial scene, and by now it has grown to become one of the world's biggest single industries, employing directly several millions of people (over 200,000 in the U.K. alone, and well over 1m. in the U.S.), together with several millions more in ancillary industries, such as electronics, components, metallurgy, vehicle manufacture and so on. This fact may be unpalatable to the protagonists of disarmament, but it is none the less an inescapable fact.

The biggest defence industries in the world are undoubtedly those of the Soviet Union (where the annual defence budget is believed to be in the region of \$130bn.) and the U.S., where the defence budget for the financial year beginning this July 1 is set at over \$115bn. Much of both budgets is devoted to procurement, and both countries send a substantial quantity of their defence production overseas, the Soviet Union to its allies in the Warsaw Pact and to a lesser extent to Third World countries, while the U.S. exports much equipment to NATO, the Middle East and elsewhere.

**Evaluation**

The recent U.S. defence budget for the 1978-79 financial year showed an increase of about 3 per cent. over the previous year, due entirely to the determination of the U.S. Government to strengthen U.S. conventional forces in the face of continued developments in the same direction by the Soviet Union. Of the proposed budget, defence no less than \$32bn. is earmarked for direct procurement—including some \$12bn. for new aircraft, over \$4bn. for missiles, nearly \$6bn. for ships, and over \$2bn. for combat vehicles, such as tanks—while research, development and evaluation accounts for another \$12.5bn. Out of the total budget, therefore, about one-third can be said to relate directly or indirectly to the defence manufacturing industries.

Although details of Soviet defence budgets are not available in comparable detail, it is highly likely that the Soviet Union and its Warsaw Pact allies spend at least a comparable proportion of their total outlays on procurement of weapons and equipment—and at this time may even be spending more, in view of the evident substantial build-up of conventional weapons over the past few years, which shows no signs of abating.

The recent U.K. Defence White Paper, for example, revealed that since 1968, the increase in the strength of Soviet forces in Central Europe had amounted to no less than 81 per cent. in tanks, to a total of 9,500; 38 per cent. in artillery, to a total of 4,400 pieces;

79 per cent. in armoured personnel carriers, to 9,500; and 20 per cent. in fixed-wing tactical aircraft, to 1,975 aircraft. As a result, the White Paper indicated that, including French forces in Western Germany and the North Atlantic (although France is not militarily integrated with NATO while remaining a member of the Alliance), the NATO forces are now outnumbered in troops in Central Europe by 1.2 to 1, in main battle tanks by 2.7 to 1, in artillery by 2.5 to 1 and in fixed-wing tactical aircraft by 2.4 to 1.

It is this massive shift in defence philosophy towards a build-up of conventional weapons that is already having a most profound effect upon defence budgets, and consequently upon world defence manufacturing industries. The 3 per cent. rise in NATO budgets set for the period ahead, for example, while apparently small, is none the less likely to have a big impact on those industries involved in manufacturing all the weapons systems that would be needed to fight a conventional battlefield type of operation without resort to nuclear weapons, at least in

the critical initial stages—such as infantry weapons, armour of all kinds, anti-tank weapons, assault equipment and low-level strike aircraft.

When to this situation in Central Europe and the rest of NATO is added the undoubted build-up of conventional weapons systems throughout the Middle East, and in many countries of Africa, from the Mediterranean shores to the Cape of Good Hope, it can be seen why the overall conclusion launched guided missiles, and even various types of infantrymen's rifles and ammunition. The concern is expressed not only at the waste of valuable financial and manufacturing resources that this type of duplication involves, but also the military inefficiency that it creates—for example, the logistics problems of supplying the various units and theatres of the combat with all their varied requirements at a time of almost certain "blitzkrieg" type of

But the problems are considerable. They include genuine differences of view over the relative merits of one country's weapons compared with another's, which can involve years of discussion aimed at standardisation but no positive results. Examples of this include the recent discussions over provision of a new heavy main battle tank for West Germany and the U.S., which has resulted in each country going its own way, while a long evaluation over the best gun for the U.S. XM-1 main battle tank, involving a competition between the U.K. 120 mm. rifled barrelled gun and the West German 120 mm. smooth-bore gun, has resulted in a U.S. decision first to use its own 105 mm. gun, and then to consider whether or not to go to the West German product. An opportunity for standardisation thus appears to have at best resulted in minimal returns, and at worst to have been lost.

Another difficulty in achieving standardisation is that very often different countries in NATO have different time-scales for the development of specific new weapons systems, complicating the already difficult task of dovetailing the varying military and even political requirements to together. The main battle tank illustrates this problem, also, as the U.K. does not need a replacement for its Chieftain tank until the late 1980s, and so has not been directly involved in the discussions between the U.S. and West Germany, whose own main battle tank replace-

ments requirements fall much earlier.

Because of such difficulties, it is almost miraculous that such common programmes as are agreed ever succeed—but there have been such successes, and probably will be more. The Tornado multi-role combat aircraft can already be described as a managerial, industrial and logistical success, even before its military capabilities have been tested in combat.

**Anxious**

In addition to these questions of standardisation, every major arms producer in the western world is anxious to recoup some of its defence outlays by selling its products wherever it can. The biggest arms sellers in the Western world are, of course, the U.S. itself, France, the U.K. and West Germany. So far as the U.S. is concerned, President Carter is trying to restrict arms sales (which are now more delicately described in Washington as "arms transfers") to countries other than those in NATO, Japan, Australia and New Zealand. For 1977-78, he has set a ceiling on such arms sales overseas of \$8.6bn., which compares with \$9.3bn. the year before, and his aim is progressively to reduce this figure. But many believe this policy will be severely eroded by the sheer pressures of international events, as illustrated by the controversy over President Carter's decision (still subject to Congressional approval) to sell combat aircraft to Israel, Egypt and Saudi Arabia. Furthermore, the military situa-

CONTINUED ON PAGE III

## The spending goes on

By Michael Donne, Defence Correspondent



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## WORLD DEFENCE II

## Problems for the SALT...

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JUST OVER a year ago when President Carter took office and in his inaugural address pledged to abolish nuclear weaponry from the face of the earth, the prospects for a new strategic arms limitation agreement with the Soviet Union seemed suddenly brighter. A fresh approach, it was felt, might not only induce Moscow into concrete substantive bargaining, but also persuade the sceptical hawks in the U.S. Congress, responding to the honeymoon that an incoming President can calculate on enjoying, to look kindly on whatever new arrangement was worked out.

That optimism is much reduced to-day. The Soviet Union brusquely rejected the original Carter initiative carried to Moscow last spring by Mr. Vance, the Secretary of State, and though the two sides did manage to reach an understanding last September on the broad framework of a new SALT treaty, there is ample evidence of continued deep differences of opinion over details. In the meantime, Congressional opposition to a fresh pact has appreciably stiffened in recent months and general relations with the Soviet Union, exacerbated by tensions in the Horn of Africa, have become stickier. Only the other week, the Communist Party newspaper, Pravda, felt obliged to warn dismissively that "the Soviet Union is not going to affix its signature to such a scrap of paper."

## Attitude

The basic American attitude towards a nuclear confrontation is that neither side can hope to win an all out war. The important administration study, drawn up last year, "Military Strategy and Force Posture Review," assumes huge civilian casualties and the destruction of at least three-quarters of the economies of both countries. Some defence experts dispute this and believe that the Soviet Union has not, as implied in the study, abandoned its goal of nuclear supremacy and is still intent, by developing nuclear weaponry of high accuracy, on attaining a de-

sive edge: according to these arguments, a new SALT treaty, along the lines publicly outlined to date, would be a means to that end.

The negotiations have become bogged down over details, although the general framework, worked out in Geneva last May, does not appear to be in serious dispute. This would provide a three-tier arrangement—an eight-year treaty, placing ceilings on the numbers of ballistic missiles and long-range bombers and multiple warhead systems (MIRVs), plus a three-year protocol, during which both sides would agree to limit deployment of new weapons systems such as the U.S. Cruise Missile and Soviet SS18 heavy missile, plus the drawing up of a statement of principles to guide future negotiations and to include a commitment to make deep cuts on strategic forces in the 1980s.

In subsequent negotiations in the summer, both sides made what were described as major concessions—with the U.S. agreeing to major modernisation of the Soviet missile force and the USSR relaxing its demand for stringent range requirements on the air-launched version of the Cruise Missile.

The provisionally agreed ceilings would limit both sides to deploying until 1985 between 2,150 and 2,250 missiles and bombers—which would require no effective U.S. reduction from current deployment but an overall cut of about 300 in Soviet strength. Under the overall ceiling were several sub-limits, with both sides giving some ground, the U.S. on the linkage between MIRV missiles and aircraft carrying Cruise, the Soviet Union on the number of land-based missiles equipped with MIRV warheads. This latter concession, Administration sources contended, helped offset the fact that the U.S. was apparently willing to allow the Soviet Union a ceiling of 308 heavy missiles, twice as many as the U.S. had first proposed.

Details of the above accommodations—and more besides—

first appeared in the New York Times and prompted much debate about their source. It is generally believed here that the documents were leaked to the newspaper by those who opposed the American negotiating position and who felt that Mr. Paul Warnke, the U.S. chief delegate, was in the process of giving too much away.

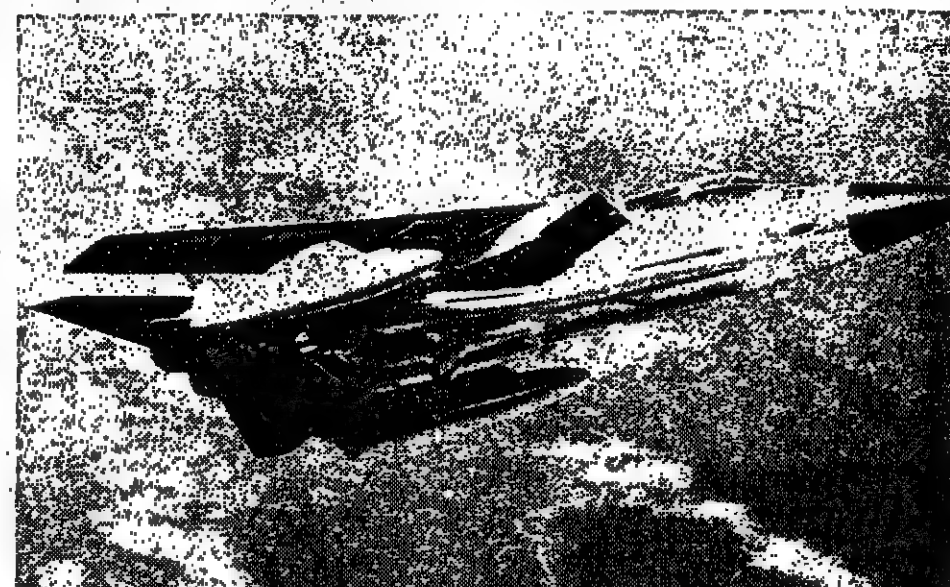
Since then, however, little progress seems to have been made on key details, most notably Cruise Missile range limitations, the types of bomber which would be permitted to carry the Cruise, restrictions on deployment of the Soviet backfire bomber and the types of new missiles the Soviet Union would be permitted to deploy. Singularly unimpressed with President Carter's decision to cancel the B-1 bomber, the Soviet Union is reportedly endeavouring to seek to prevent the U.S. using new generations of wide bodied jets in the 1980s as carriers of the Cruise Missile, gradually replacing the

## Competition

It is generally agreed here that the selling of any new SALT treaty to the Congress will be extremely difficult, probably more so than that currently being encountered over the Panama Canal. As a general philosophy, the Carter Administration characterises its policies towards Moscow as being a mix of competition and co-operation. It has specifically tried to avoid the policy of "linkage" practised by Dr. Kissinger under Presidents Ford and Nixon, preferring instead to treat, in so far as possible, individual subjects in isolation. But the concept of linkage dies hard in Washington—not least on Capitol Hill—where many congressmen and senators simply expect the Administration to make progress on, for example, SALT condi-

tional co-operation else say in Africa. Ally this feeling to the military hard line faction Congress, under the aegis of Senator Henry (Dick) Lugar, something very close to a third in the Senate exists. The Administration aware of this and has mightily in recent months strengthened the hands of more favourably disposed new SALT treaty, including patching such senators to the progress of the negotiations in Geneva. But little hard evidence is that the iron hand except the likes of Senator J. over strategic questions been significantly weakened. The Administration expects that the mid-term election November will produce a more benevolent position, but that may more than a fond hope.

Jurek M.  
U.S.

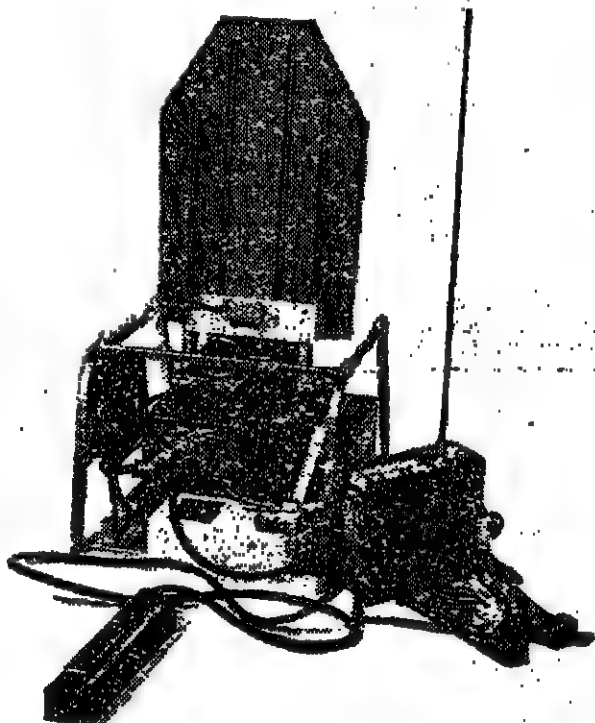


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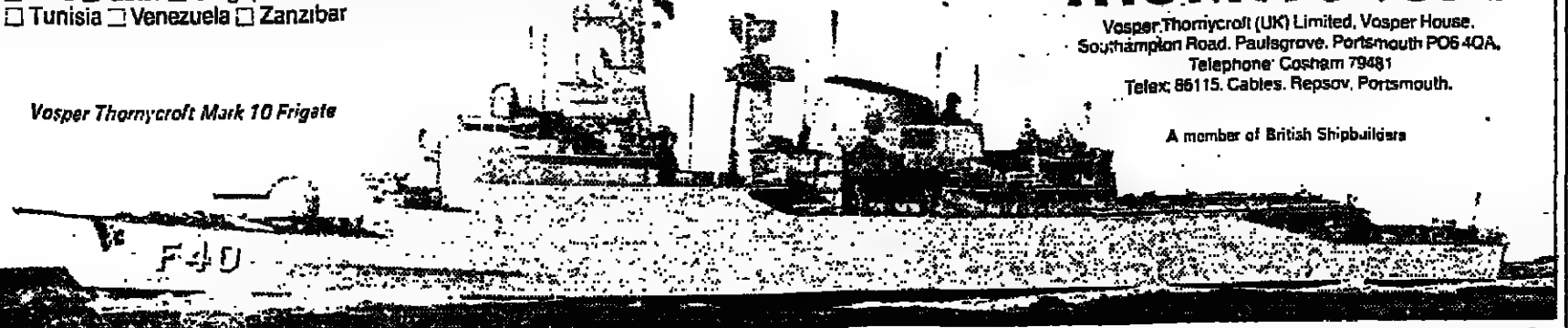
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MORALE AT NATO's Brussels Headquarters has taken a turn for the better in recent months. Following last May's London summit, and President Carter's call for a strengthening of Western forces, the feeling is that the Alliance is at last recovering a "sense of purpose" in response to the continuing military building-up by the Warsaw Pact.

The new bid to strengthen the Alliance is still in its early stages. The first thorough evaluation of progress will not be made until the next summit, in Washington, in just under three months' time. Nevertheless, the Alliance's Defence Ministers were clearly encouraged by the way a start had been made when they held their annual end-year meeting in Brussels before Christmas. While repeating their concern that the gap in conventional forces between NATO and the Warsaw Pact was still widening, they concluded that "significant force improvements" had been accomplished in 1977 and that more would materialise.

The improvements made in 1977 stem mainly from last summer's decision by Defence Ministers to push ahead with short-term measures in areas such as anti-armour, war reserve stocks and "readiness and reinforcement" without waiting for agreement on the longer term plan for the 1980s which will be discussed in Washington. The short-term programme, to be completed by the end of this year, provides, for instance, for a one-third increase in holdings of anti-armour missiles and similar boosts to reserve stocks in other key areas.

The second mid-year commitment—a three per cent increase in defence spending in real terms in each of the five years starting in 1979—is also beginning to bear fruit. The U.S., Canada, Belgium, Norway and the U.K. have now all stated that they will meet the

target in their next budgets, and West Germany is expected to follow suit. Britain has also committed itself to a further three per cent in 1980-81, but has cautiously left the final three years of the target period "subject to review in the light of economic circumstances." This is in line with the let-out clause under which countries may miss the targets if their economies cannot stand the strain.

The U.S., on the other hand, has already gone all the way and promised three per cent increases in real terms throughout the five-year period. At the same time, Dr. Harold Brown, the Defence Secretary, has said that the U.S. will more than double the amount of equipment pre-positioned in Europe and develop the capacity to lift five divisions across the Atlantic within 10 days by 1983. Arrangements will be made by the Air Force to ensure that an extra 60 tactical air squadrons can be sent to Europe in the same length of time. Meanwhile, President Carter announced in Brussels last January that a further 5,000 American troops would actually be stationed in Europe in the next 18 months.

Response

The new readiness on the part of most members to strengthen the Alliance is in part a response to President Carter's initiative. But the response itself would have been impossible were it not for a growing alarm in West European public opinion at the extent of the Warsaw Pact build-up. Without this general atmosphere of increasing anxiety it would have been difficult, for example, for a British Labour Government to have announced its recent plans for increased defence spending.

The measures taken by the West are not, however, going to be enough to come anywhere near closing the gap with the Warsaw Pact. Last month's British Defence White Paper published latest estimates showing that Warsaw Pact forces in Central Europe currently outnumber Nato (including France) by between two and three to one in terms of main battle tanks, artillery and fixed-wing tactical aircraft. In the Eastern Atlantic, the Warsaw Pact countries have 40 per cent more submarines and 20 per cent more surface ships.

The West has traditionally taken some comfort in the superior quality of its equipment and the greater skills of its fighting men. But these are factors the NATO countries can no longer rely on as they did in the past. The latest edition of The Military Balance, published by the International Institute of Strategic Studies,

says that the traditional qualitative superiority of NATO's weapons is being eroded as new Soviet equipment is introduced. While NATO has been modernising its forces, the Warsaw Pact has been modernising faster and expanding at the same time, it says. In some areas, such as surface-to-air missiles, certain armoured vehicles and artillery, Soviet weapons are now superior.

In addition to the growing Soviet presence in the world's oceans, the air balance in Central Europe has changed markedly in recent years. While the NATO countries have in the past planned on fighting a future battle for air superiority over Warsaw Pact territory, they now expect to be fighting defensively in their own airspace in the event of a major confrontation in Europe. It has been suggested that the Soviet Union could now forgo the use of nuclear weapons to launch a major pre-emptive attack on the West European countries, such as the power of its conventional air forces.

Intentions

But it is not just sheer weight of numbers that worries the West. The Soviet Union has openly demonstrated the extent of its airlift capacity in supplying Ethiopia in the current war with Somalia, while on the ground in Central Europe the West faces Warsaw Pact armies that are all equipped with standardised, interoperable weapons. The diversity of NATO equipment is such that in some cases, for example, Western tanks fighting side by side would not be able to use their radios to communicate with each other. Diversity is not entirely without its military advantages. The West can be pretty sure what sort of weapons it is likely to come up against, while Warsaw Pact commanders may be in for surprises. But it can hardly make sense for the NATO countries to field as many as 23 different anti-tank weapons and 33 types of combat aircraft in Central Europe. The former Supreme Allied Commander in Europe, General Andrew Gompert, has been quoted as estimating that NATO forces are losing from one-third to a half of their capability through lack of standardisation.

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WORLD DEFENCE III

# Developments in nuclear weapons

THE MOST effective way of disabling a tank is to pierce its armour. No matter how light the penetration, the crew will experience a devastating psychological setback as soon as the armour-piercing shell or tank of flame from a flame-thrower enters the hull, or when a "scab" of steel blasted from the inside wall of the tank begins to ricochet around. The crew will evacuate their vehicle without delay, leaving the weapon system stranded.

No more effective way of penetrating a tank's armour and eliminating its crew has been found than the neutron bomb or enhanced radiation weapon. No armour plate is proof against high-intensity neutron and gamma rays, high doses of which can kill almost instantly through brain damage, as with other toxic agents, such as chemical and biological agents, however, the problem is how to deliver the neutrons for maximum effect on the enemy and minimum effect on one's own forces—and on nearby civilian populations.

The Pentagon believes that its nuclear weapon designers are close to solving this problem in terms of one potential battlefield, Western Europe, against which the Warsaw Pact countries have amassed an immense concentration of armour. The answer, it is proposed, is a nuclear explosion which dissipates most of its energy as neutrons and blast, as most nuclear weapons do, but in the form of ionising radiation, mostly the deeply penetrating rays known as neutrons. A decision on whether Nato's forces in Europe are to be equipped with the new weapon is likely to be taken at the meeting of the NATO Summit in Washington in three months' time.

The "neutron bomb," as a concept, dates back at least to the 1950s and the early fusion (hydrogen) bombs. It has taken many years, however, to refine the idea into a compact miniature weapon with a well-defined tactical role. As a way of disabling heavy concentrations of armour it probably has no rival in sight. The Pentagon believes it can

ENERGY FROM TYPICAL WEAPONS		
	"Conventional" tactical nuclear weapon %	Enhanced radiation weapon %
Blast	50	34
Heat	35	24
Prompt radiation (neutron and gamma rays)	5	40
Fission product radiation	10	2

package its new weapon into a warhead for the army's Lance missile or into an eight-inch artillery shell. Britain remains silent on whether it too, is developing such a weapon. The first public reference to the new weapon was made last March, by General Alfred Starbird, assistant administrator for national security of what was then the U.S. Energy Research and Development Administration (ERDA), and to-day is part of the Department of Energy, whose laboratories develop the Pentagon's nuclear weapons. General Starbird told a Congressional committee that the new weapon would be designed to "reduce the blast effect and get the kill radius you want through enhanced radiation."

## Damage

It seems likely that 50 per cent or more of the energy of this type of low-yield bomb would be emitted as "prompt radiation," compared with about 5 per cent for a conventional nuclear weapon. Exploded a few hundred feet up in the air above the tank formations, it would probably kill instantly almost every crew member within a radius of about 800 metres, so intense would be the blast of neutron and gamma rays. The less fortunate would die in agony in a matter of days from irreparable damage to the gut and the bone marrow, for example. These rays, however, would leave no residual radioactive contamination on the battlefield. In theory the disabled tanks could be taken over by the victorious forces; but in

practice these fighting vehicles are heavily dependent upon electronic "brains" which, like the crews themselves, are very vulnerable to high intensities of ionising radiation. Those tanks which survive the still-considerable effects of heat and blast in the vicinity of the explosion are unlikely to prove sufficiently "hardened" to radiation to avoid being towed ignominiously away after the battle.

Just how devastating these miniature nuclear weapons are likely to prove in tank battles was illustrated by a recent article in *New Scientist* by a student of war studies at King's College, London. Those who received whole-body radiation doses of about 3,000 rads upwards—the dose capable of penetrating tank armour at 800 metres—would be knocked out. Those who received between 3,000 and 8,000 rads would probably recover consciousness, and even some ability to fight, but the likelihood is that their tanks would not. In any event they would probably die within a month. Those who received more than 8,000 rads would probably die without recovering, remaining paralysed until they died. To place these radiation doses in better perspective, any dose greater than 200 rads carries a risk of proving lethal.

The debate which has raged for the past year about the "morality" of the neutron bomb has disclosed that the claims that it killed without damage to property—the "ultimate capitalist weapon," as it has been described—are exaggerated. For approximately the same "kill radius" of about

800 metres, within it would probably kill everyone, the neutron bomb need have only one-tenth of the explosive power of a "conventional" tactical nuclear weapon. It would still pack a deadly punch from the normal effects of all kinds of explosives, namely blast and heat, as the Table indicates. It would also spread some radioactivity through fall-out of fission products from the nuclear reactions. But it would be very much "cleaner" than a tactical nuclear weapon designed to destroy by blast and heat only, and certainly far cleaner than the "radiological" weapons in which the Pentagon showed a disturbing interest in the 1960s. Such weapons were conceived as deliberately spreading radioactivity over the battlefield. The deadly rays of the new weapon will themselves leave no residue of radioactivity, for example in the corpses trapped inside the tanks.

The neutron weapon affords NATO forces the prospect of a highly cost-effective counter-measure to a tank armada, for a battle which would be fought on their own territory. Given the present imbalance in armour of about three to one, there is no obvious reason why the Warsaw Pact forces should want the neutron weapon themselves. On the other hand, they are armed with a mobile intermediate-range ballistic missile, the SS20, with three independently targeted nuclear warheads, and a range that encompasses all Western Europe's cities. The SS20 missile, Mr. James Callaghan, the Prime Minister told MPs last week, was a "far more dangerous weapon than the neutron bomb."

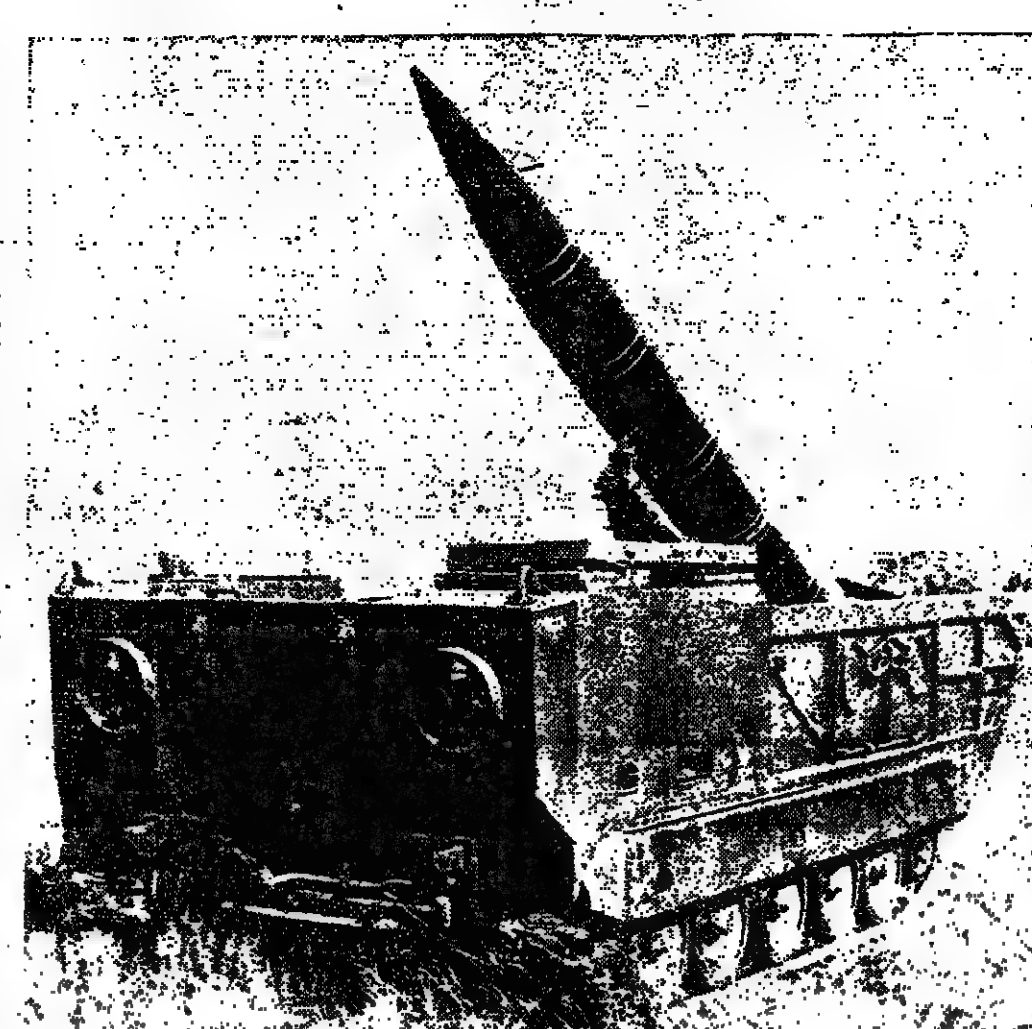
But even for NATO forces in Europe, for which the weapon is being tailored, the neutron bomb is not the ultimate weapon. An obvious way of countering its impact would be to disperse the dense concentrations of armour, necessitating the use of far more neutron bombs than is envisaged at present. There are those who argue that the new weapon will "lower the nuclear threshold,"

by encouraging battle commanders to call for their use with less inhibition than they would have about deploying "conventional" nuclear weapons. But there are also those who claim that the very lethality of the neutron bomb is itself an additional deterrent to starting the battle in the first place.

As for the "collateral" damage done by such a weapon, this can be summarised by saying that the heat effects of a nuclear explosion fall as the square root of distance from the explosion, the blast effects fall as the cube root of distance from the explosion, but the radiation effects fall as the sixth root of distance from the explosion. In other words, the lethality of the new weapon falls off extremely sharply with distance. A 10-kiloton tactical weapon would probably inflict lethal second-degree burns on everyone within about 3.5 kilometres, whereas the "kill radius" for burns from a 1 kiloton enhanced radiation weapon would be limited to about 0.5 kilometre.

The most obvious consequence of this is that NATO forces and even urban populations could be quite close to an explosion without suffering acutely from radiation effects. This is not so for conventional tactical nuclear weapons, and probably very hard to achieve for dispersal of any other kind of toxic agent.

David Fishlock  
Science Editor



The Lance missile on its tracked launch vehicle seen at the Royal School of Artillery, Larkhill, Wiltshire.

## Spending

CONTINUED FROM PAGE 1

tion in the Horn of Africa, with open Soviet Union and Cuban assistance to Ethiopia, may yet result in a change in U.S. overseas arms sales policy.

The U.K. itself is a big overseas seller of arms of all kinds. The Defence White Paper said that such sales of equipment and services were expected to amount to at least £800m. in 1973-74, making a substantial contribution to the country's balance of payments, covering a wide range of items.

The U.K. aerospace industry heads the list of overseas defence suppliers, and some major deals have been achieved in recent months, including the £500m-plus follow-on contract for the development and support of the Royal Saudi Air Force, and another for the supply of Swingfire missiles to Egypt. Further major contracts are in the years ahead as a result of negotiation in the Middle East, and it is expected that these will eventually include the sale of operation

Defence Procurement—the so-called "two-way street," whereby the U.S. has agreed to buy from the U.K. wherever the latter can provide items that match home-produced U.S. goods in terms of quality, price, performance and delivery dates.

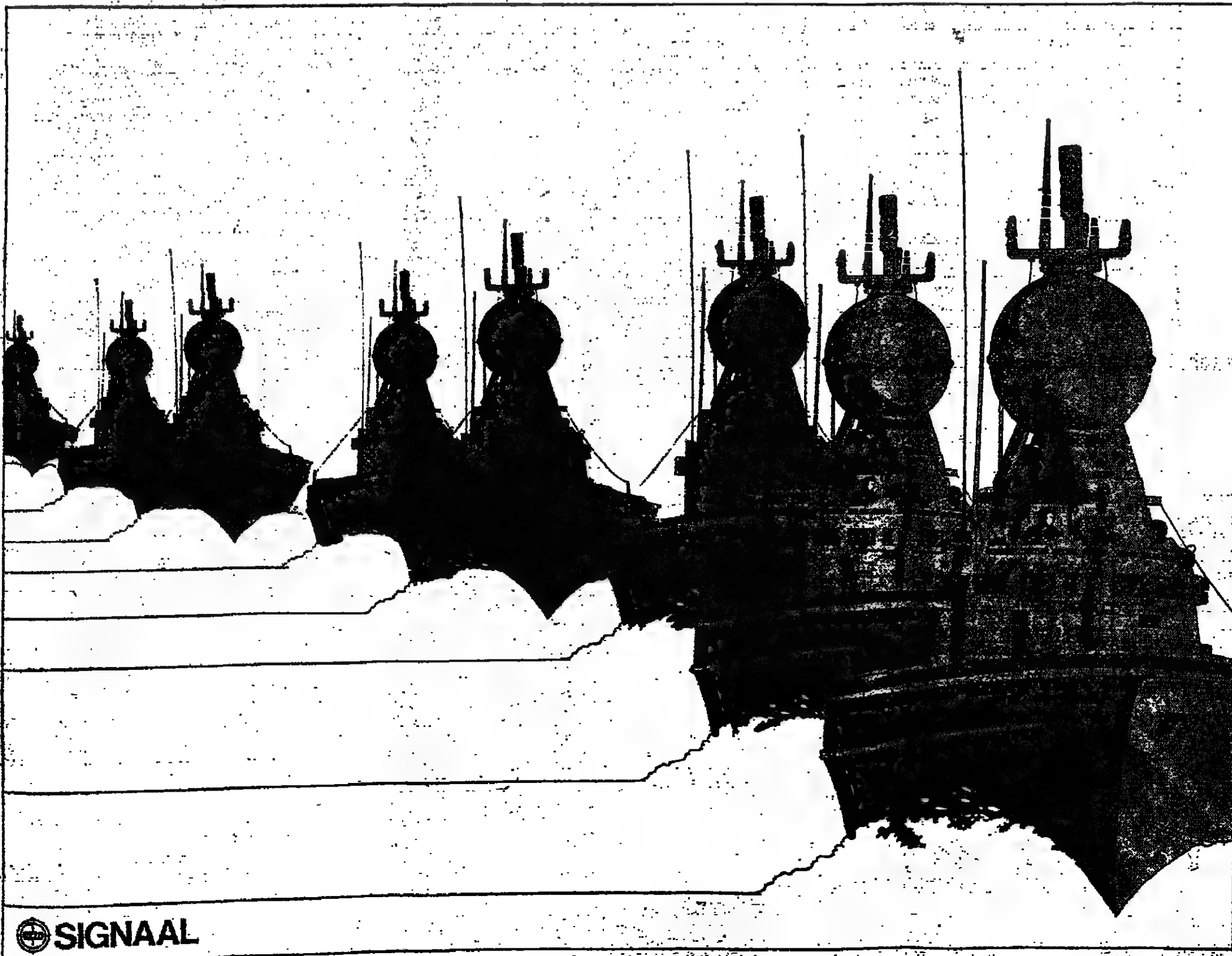
## Tough

This means that whereas in the past the U.K. companies stood virtually no chance of breaking into the U.S. military market, now they stand at least some chance. But they will still find the U.S. market exceptionally tough. They will have to adopt marketing approaches akin to U.S. practices, and initially they may find these unfamiliar. But the rewards for the successful companies will be great. The U.S. Department of Defense, with over 40,000 buyers and 100 major buying offices throughout the U.S., is the largest and most varied purchasing organisation in the world, in the market for every-

thing from rope, medical supplies and construction materials through to electronic components and toiletries, virtually everything the U.S. armed forces need in addition to weapons.

This gives rise to the question: what is a defence sale? While the most readily accepted definition is something that is a "weapon of war," in today's complex society, with armed forces of increasing sophistication and high technological development, the definition really has to be widened, and nothing in effect can be excluded. A suite of barrack room furniture sold to Saudi Arabia may not be a weapon of war, but it is logically a "defence sale" nonetheless, and many of the critics of this form of business would be surprised how wide-ranging and innocuous much of the so-called "arms trade" really is—which is perhaps why to many industrial organisations it is so lucrative, and why it is likely to survive.

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# Build-up in Middle East

**E** ANNOUNCEMENT last month by the U.S. administration of its intention—subject to congressional approval—to sell in worth of mainly advanced aircraft to Israel, Saudi Arabia and Egypt dramatically illustrates how the Middle East has become the leading area in the Third World for arms sales. This development is a reflection of the fact that it is economically and geographically a strategic area of prime importance, that the tensions between the Arabs and Israel persist, and that enormous wealth in oil permits extravagant purchases.

Figures illustrate starkly how much defence expenditure has increased. According to the Stockholm International Peace Research Institute (SIPRI) the value of the exports of major weapons by Middle East countries (combined with total Third World arms imports) rose from \$9m. in 1966 (\$22m.) to \$6bn. in 1970 (\$7.5bn.). Spending between 1972 and 1973. Defence expenditure over the same decade rose nearly eight times from \$2.5bn. to \$1.5bn. It has been estimated, too, that military expenditure as a percentage of GNP rose over the same period for a country like Egypt from about 37 per cent. and for Israel from 10 to 35 per cent. In 1977, the main spenders in their defence were Saudi Arabia \$7.5bn., Iran \$7.9bn., Egypt \$4.4bn., Israel \$4.3bn. and Syria \$1bn. The Institute of Strategic Studies has calculated that the value of arms deals included to which a known amount can be attributed (and therefore this is an underestimate) since the beginning of 1977 amounts to \$7bn.

Some of the major deals in the last few years have been of spectacular proportions. Since 1976, the U.S. has, for example, sold 160 F-16s to Iran worth \$3.4bn. and concluded three deals with Saudi Arabia, each worth \$1bn., for a Hawk missile system, a military city and a military base and factory and as sold a Hawk system to Jordan for \$540m. The Soviet Union concluded a major arms deal with Libya in 1975 worth \$1bn. and late last year another worth a similar value for the

modernisation of the Iraqi air force. Britain last year won a contract worth initially \$870m. for the maintenance, servicing, and training of the Saudi Air Force as well as extensive construction projects, and in 1976 sold to Iran a Rapier missile system worth \$680m. France sold last year 10 FFBG to Libya worth \$600m.

The U.S. has been the largest exporter to the area with sales worth \$3.5bn. in the 12 months up to the end of September last year of which \$6bn. went to Iran, \$1.8bn. to Saudi Arabia, \$536m. to Israel, \$116m. to Jordan, and \$28m. to Kuwait. Arms transfers, too, to Israel, Jordan, Lebanon, Tunisia, Sudan and Morocco are on a grant or credit basis, while cash sales are made to Israel, Iran, Kuwait, Saudi Arabia and Jordan. The Soviet Union is the next largest exporter, with regular deliveries to Iraq, Syria and Libya, and from time to time to Algeria, Morocco, Iran, Sudan and South Yemen. Between 1966 and 1970, 25 per cent. of its conventional arms production over the last 20 years has gone to the Middle East. Britain's chief recipients of arms are Iran, Kuwait, Bahrain, Qatar, the United Arab Emirates (UAE), Oman, Jordan, and Egypt, and France's Egypt, Libya, Morocco, UAE, Iraq, Kuwait and Saudi Arabia. China has from time to time supplied arms to Sudan and South Yemen.

**Decision**

Inevitably, there are heavy political overtones to all these sales and transfers. The latest American decision represents an attempt to encourage Saudi Arabia to continue its moderating influence in the Middle East, and to persuade President Sadat that the U.S. is serious about backing his initiative towards Israel and about mediating between the two countries. It also underlines Washington's long-standing commitment to Israel's security. The stocking-up of Iran represents the U.S. commitment to Iran's three-fold defence role. The first comes from sharing a 1,000-mile frontier with the Soviet Union; the second stems from its role as a protector of stability in the Gulf; and the third from its strategic access to the Indian Ocean. Libya is important to the Soviet Union

because it represents a foothold in North Africa close to Egypt, once a close ally and now a hostile critic, and because it can act as a channel for arms elsewhere in Africa.

A significant development has been that Middle Eastern countries are acquiring increasingly sophisticated equipment. Occasionally there are reservations by such countries as the U.S. and the Soviet Union about handing over their most advanced and secret arms. The U.S., for example, hesitated before deciding to go through with the sale of the airborne radar warning systems, AWACs, to Iran. On the Soviet side, the actual handing over of an aircraft such as the MIG-23 to an Arab air force was preceded by years of hesitation and rumours of deliveries. If there is a distinction to be drawn between U.S. and Soviet deliveries of sophisticated weapons, it lies ultimately in direct accountability, and the Soviet Union has no equivalent of the U.S. Congressional lobby in deciding which country should receive what arms.

One of the results of the invasion of arms deliveries has been that, since Third World clients will receive weapons that allies more immediately closer to the donors would have wanted to receive first. For example, the Iranian order for 1,200 Chobham tanks with the special Chobham armour is that it will delay deliveries to the British Army. Iraq, Syria, Libya, and Egypt have some 180 MIG-23 fighter bombers which have not yet come into service with some of Moscow's East European allies. The London-based periodical *Arms and the Gulf* has reckoned that Egypt, Syria and Israel maintain armed forces approximately equal in size and modernity (except for nuclear weapons and navies) to those of Britain, France and West Germany. Within ten years, Iran, Iraq, Libya and Saudi Arabia will have reached a similar level.

The question of the creation of armed forces of these proportions has to be tempered by the ability of each State to absorb new arms and military techniques. Some weapons, like anti-tank missiles and SAMs, seem to be easily adaptable for less developed nations, as the

Arab performance in the 1973 war showed. But in the end the running of efficient armed forces depends as much on broad educational and technological skills as administrative and maintenance backup.

The influx of arms into the Middle East, even though the Arabs have been major purchasers, has not moved the military balance in their favour. Israel has responded to the shocks of the early part of the 1973 war by extensive reorganisation of its forces (especially in the ability to mobilise more swiftly) and by stockpiling arms so as to avoid the problems of emergency air-lifts at a time of war. Israel's supremacy over its Arab neighbours has been increased by the fact of their disarray. Egypt, for example, has had its air force badly hit by a lack of spare parts, reducing training times and the period during which they could fight an air war. The air defence system still has a formidable array of missiles which the Soviet Union delivered after the 1973 war, but they are becoming increasingly unreliable with age. The consensus is that Egypt would be capable of fighting a defensive war for a limited duration and with limited objectives.

Egypt is neutralised not only by its equipment but also by the early-warning systems set up as part of the U.S. negotiated Sinai agreements with Israel. This means in effect that the Arabs, without Egypt, are incapable of fighting a coherent war against Israel. Co-operation between Jordan and Syria is in military terms not what it should be, and although Syria has been re-armed by the Soviet Union, its efficiency is hampered by the stationing of 30,000 troops under the guise of the Arab Peace-Keeping Force in Lebanon.

In spite of the apparent ability of many states in the

Middle East to obtain weapons of the highest sophistication, there remains an underlying fear of being cut off from arms sources at a crucial moment. This has resulted in moves to create local arms industries. By far the most successful has been Israel, whose production includes the supersonic Kfir fighter, the Jericho, Shafir and Gabriel missiles, missile boats and the Merkava tank. Its exports were worth \$260m. in 1976. But even Israel, because of its limited economic resources, has to consider carefully whether it is sensible to invest vast sums in producing a tank which would be cheaper to buy elsewhere. For the other countries technology and education are greater drawbacks. Egypt, for example, abandoned programmes in the 1960s to develop aircraft and missiles, but now is capable of producing small arms, ammunition and non-guided RPG missiles. Because of its near break in relations with the Soviet Union, it finds itself in the curious position of having to turn to the West for the servicing and refurbishing of its Soviet equipment.

Of the other states in the area, Iran is perhaps most advanced with a capability of assembling aircraft and helicopters, producing some elec-

tronic systems and small arms. The most concerted Arab effort has been the creation of the Arab (Military) Organisation for Industrialisation (AOI). It was set up in 1975 with capital of \$1.043bn. and is owned by Egypt, Saudi Arabia, Qatar and the UAE, which will be the primary market for local weapons production. Egypt has handed over four factories to the AOI, and a high priority from the start has been the training and development of AOI personnel. The AOI has discussed the licensed production of the Mirage F.1, jet trainers and surface-to-air missiles.

Two notable effects of this colossal accumulation of weapons in the Middle East are apparent. One has been, particularly as a result of the acquisition of "status arms," to increase rather than lessen the ties between selling and purchasing countries. By 1980, Iran may need as many as 60,000 Americans to help the absorption of its sophisticated arms, and the large British contract in Saudi Arabia for the air force will need some 2,000 Britons to implement it. The second point is the inevitable: the Middle East region is now more potentially explosive than ever before.

China watchers in Hong Kong have narrowed down Peking's possible choices, according to the Far Eastern Economic Review. These would now probably include, for the Army, anti-tank guided missiles, a low altitude surface-to-air missile system, and gun stabilisation and laser ranging technology for tanks. Reports say the Chinese already have samples of the Soviet Sagger wire-guided missile which they got in exchange for MIG-21 spare parts from Egypt.

For the air force, the Chinese are reckoned to want air-to-air missiles, air-to-surface missiles, preferably with terminal guidance and airborne radar, with look-down capacities. The Navy's needs are identified as airborne and shipborne sonar and homing torpedoes.

All weapons contracts for China would have to be cleared by COTOM, the NATO co-ordinating committee on exports to Communist countries which controls sales of sensitive equipment. It remains to be seen whether a missile deal, or even one for the Harriers, would get past this committee.

On the other hand, if the West wishes to keep anything like a world balance of power, it might be in its interest to permit the Chinese to catch up somewhat in the arms race. With the rapid Soviet advancement in this field, one possible way of balancing the scales would be to give Moscow more to think about on its Eastern flank. The Russians have already made it extremely clear that they dislike the prospect of Europe selling arms to China.

So far Peking has not actually made any firm offers to purchase. When it does, the elements under consideration will be far more than commercial or even regionally strategic. They will be questions of global importance whose repercussions could echo well into the 21st century. Hence, any steps towards supplying Chinese arms needs are likely to be cautious.

Anthony McDermott

Colina MacDougall

## Chinese strategy

**UP-TO-DATE** military equipment is an important Chinese interest these days. Since the radical Mao and his friends met their doom in autumn 1976, the subject of modernisation has cropped up regularly in the Chinese Press. Tang Hsiao-Ping, who is Chief of Staff as well as Party vice-chairman and vice-Premier, was attacked when in disgrace two years ago for advocating a stronger and more efficient army. Now back in power, he is certain to be pressing for new weaponry.

China's awareness of its needs has shown in inquiries abroad and the exchange of military missions. A high-level Army delegation went to France last autumn and was shortly followed by the China Trade Minister. In the same period, a Swedish military group visited China and came back saying that Peking would buy Swedish arms. Last November a Chinese vice-Premier told high-level British businessmen

(including Sir Geoffrey Tuttle, consultant to British aerospace), that China intended to buy the Hawker Harrier jump jet. When the Chinese Minister of Trade, Li Chiang, came to Britain later in the same month, he spent an afternoon watching the Harrier perform. Air Marshal Sir Neil Cameron, chief of the British Defence Staff, is due to visit Peking in March.

Conventional forces are still further behind the time. Chairman Mao's "millet and rifles" philosophy, enforced by radicals in the Chinese leadership since the early 1960s, kept the army static. The Military Balance 1977, published by the Institute of Strategic Studies, estimates that the 3.2m.-strong army has only 10,000 tanks modelled on Soviet 1950s and 1960s types, 3,500 armoured personnel carriers, and 30,000 heavy guns, including rocket launchers and self-propelled artillery.

In the air force the situation is different but almost worse. The Chinese have the third largest force in the world, with around 5,200 combat aircraft, but most of them are out-dated MIG-17s or 19s. Their own fighter, the Shenyang F-9, and a hundred or so home-made MIG-21s (said to be copied from aircraft shipped by the Russians to North-Vietnam during the war) are thought to be build-

ing an aircraft to match up to the MIG-23 for which the Rolls-Royce military version of the Spey engine (sold to China in 1975) may be intended. But this aircraft is not in production yet.

The navy is of much less interest to Peking since the leadership perceives the chief threat of coming across the land border from the Soviet Union. It is mainly a coastal force with submarines and seems adequate for its present job.

Modernising this huge but backward military force will have to be highly selective in Peking's present economic circumstances. Whatever the difference among Chinese leaders, they are probably those of degree, not of kind. No Peking general would advocate the large-scale purchase of military hardware on the Iranian pattern. The scale of any purchases is likely to be quite small. Even the most modern-minded Chinese officer

need of modernisation. Practically all their weaponry is 10 to 20 years behind the times. While they have successfully developed a nuclear capability, their delivery systems are not really adequate. Their ICBM has not been fully tested (though some experts have guessed that China used these to power its recent satellites) and their medium-range missiles are liquid-fueled and therefore slow to launch.

They are thought to be build-

### Capability

# MADE FOR DEFENCE

but defence against different kinds of threats requires:

- Ground-to-air point/area missile systems
- All weather air-to-air missile systems
- Integrated air defence systems
- Short and medium range naval air defence weapon systems
- ASW systems
- Coastal and low coverage surveillance radars
- High power surveillance radars
- Three-dimensional mobile surveillance radars
- Integrated naval systems
- Automatic torpedo guidance systems
- Underwater target location and classifier systems
- Radar signal interception, analyses and jamming systems
- IR detection and communications systems
- Laser range finders

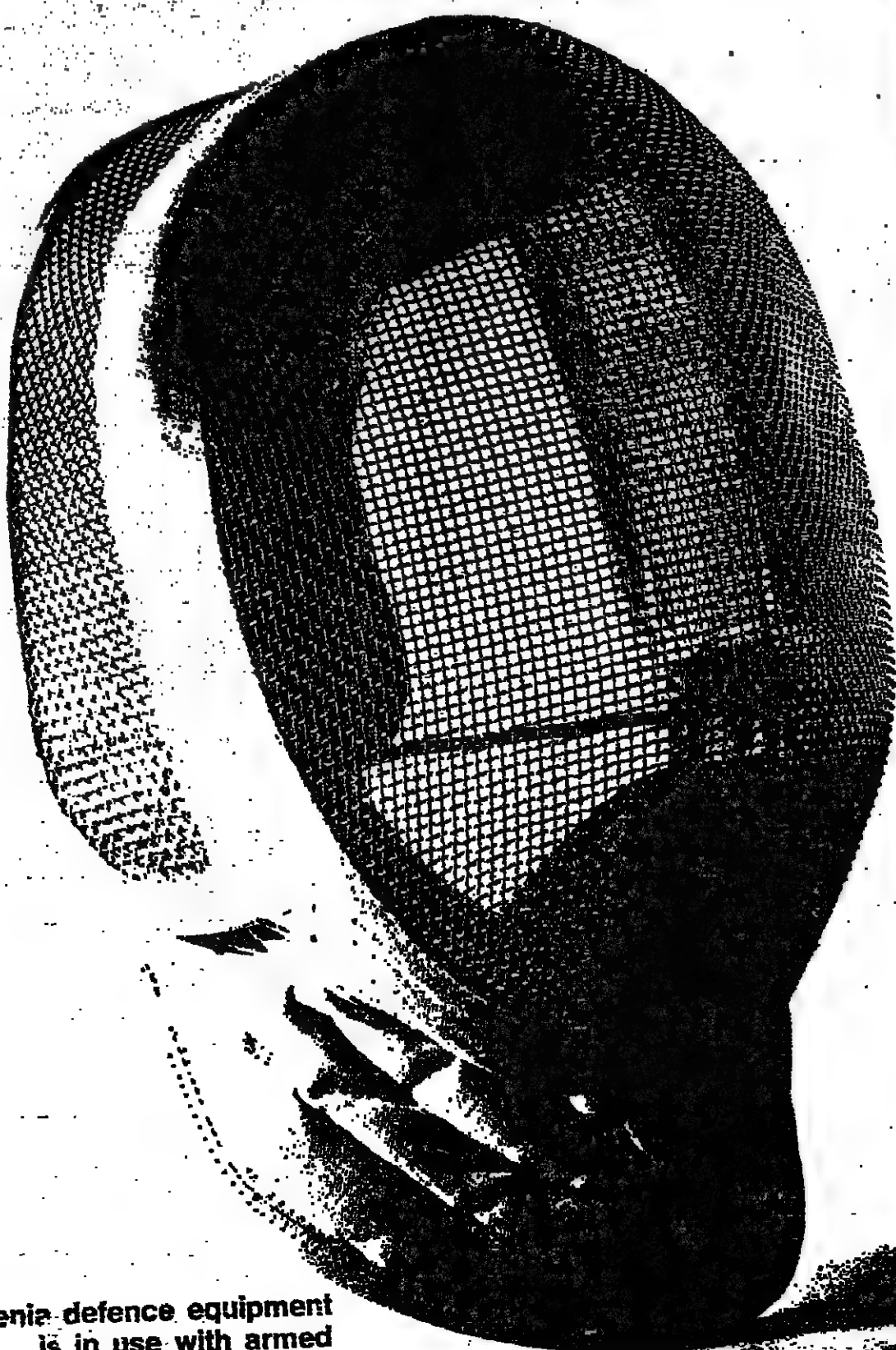
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